

2012

ANNUAL REPORT

STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL



William G. Holland, Auditor General

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

March 1, 2013

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, 2012, 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 2012. 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", with a large flourish extending upwards and to the right.

WILLIAM G. HOLLAND
Auditor General



TABLE OF CONTENTS



- Overview 1
- Public Information 2
- Organizational Chart 3
- Compliance Examination Program 4
 - Accountability 5
 - Federal Auditing/Statewide Single Audit Update 12
- Performance Audit Program 13
 - Performance Audits Completed in 2012 14
 - Performance Audits in Progress 22
- Information Systems Audit Program 25
 - ISA Findings 27
- Other Office Responsibilities 28
- Personal Information Protection Act Compliance 30
- OAG Fraud Hotline 30
- Continuing Professional Education and Training Requirements 31
- Claims Due the State and Methods of Collection 32
- Summary of Appropriations and Expenditures 32
- Financial Audits and Compliance Examinations Released in 2012 33
- Regional Office of Education and Intermediate Service Center
- Financial Audits Completed in 2012 36
- Performance Audits 1980-2012 37





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 has been unanimously reappointed twice since, with the latest term effective August 1, 2012.

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:

**FOIA Officer
Office of the Auditor General
Iles Park Plaza
740 E. Ash St.
Springfield, IL 62703-3154**

OUR INTERNET WEB SITE ADDRESS IS:
www.auditor.illinois.gov

OUR E-MAIL ADDRESS IS:
auditor@mail.state.il.us

***Springfield*Telephone: (217) 782-6046
Fax: (217) 785-8222**

***Chicago*Telephone: (312) 814-4000
Fax: (312) 814-4006**

TTY: (888) 261-2887

OUR FRAUD HOTLINE IS:

Toll-Free: (855) 217-1895

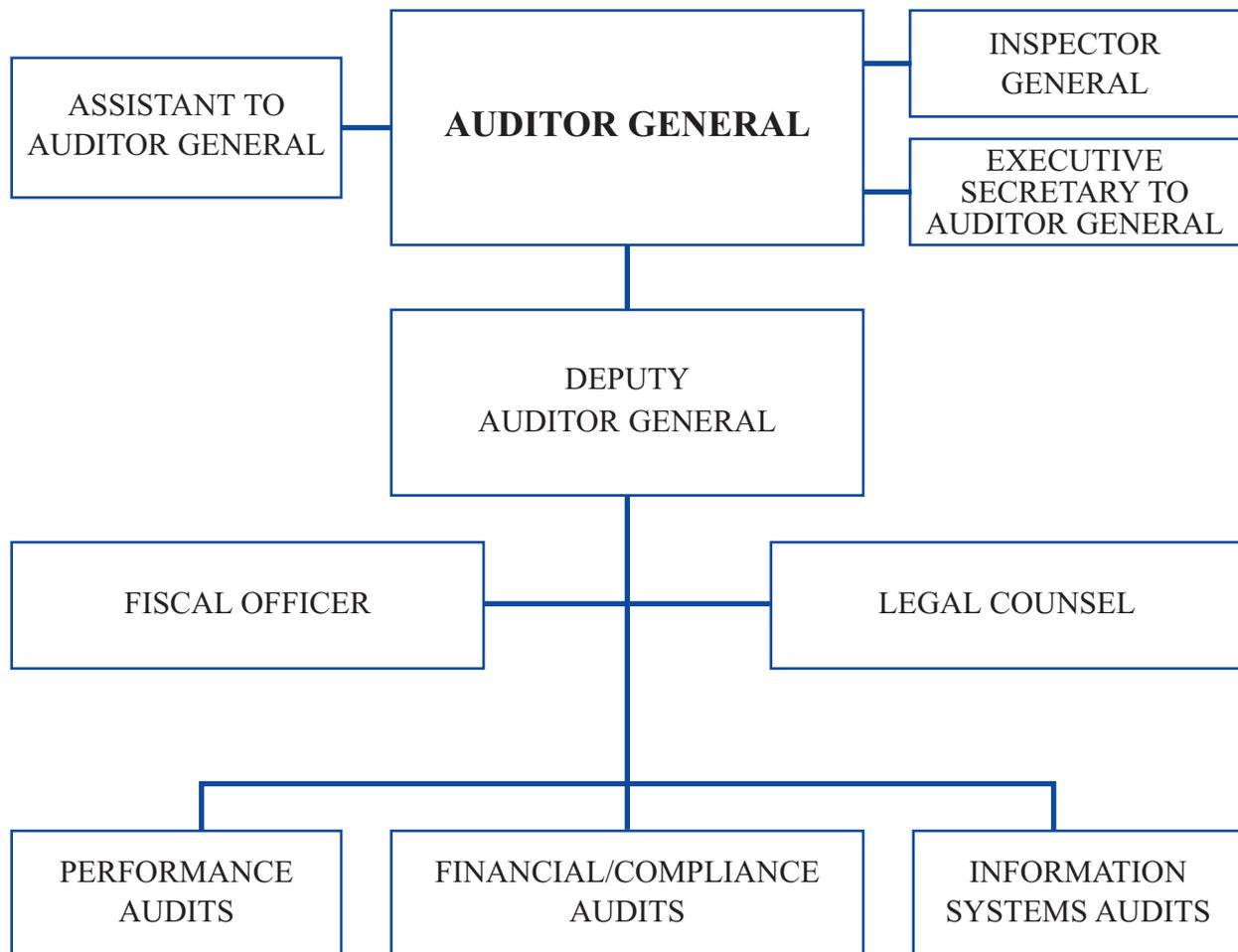
Visit our web site at www.auditor.illinois.gov for full details or for an on-line reporting form.

TTY: (888) 261-2887

PUBLIC INFO.

ORGANIZATIONAL CHART

As of December 31, 2012, there were 95 employees. Eighty-one were located in the Springfield Office and 14 in the Chicago Office.



ORGANIZATION

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 99 engagements in FY 2011. These encompassed compliance examinations, financial audits, and federal audits. Staff auditors conducted 32 of these audits and three were joint staff and contract engagements. The remainder were performed by public accounting firms under the general direction and management of the Auditor General's audit managers.

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

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

COMPLIANCE

A number of reports issued for FY 2011 engagements had findings that were critically important from an accountability standpoint. A brief summary of some of these findings follows:

INADEQUATE FINANCIAL REPORTING PROCESS

The State of Illinois' current financial reporting process does not allow the State to prepare a complete and accurate Comprehensive Annual Financial Report (CAFR) or the Schedule of Expenditures of Federal Awards (SEFA) in a timely manner. Reporting issues at various individual agencies caused delays in finalizing the financial statements, which did not occur until at least the end of May of the subsequent year for the past five fiscal years. The lack of timely financial reporting limits effective oversight of State finances, adversely affects the State's bond rating, and jeopardizes federal funding.

Accurate and timely financial reporting problems continue to exist even though the auditors have:

- 1.) continuously reported numerous findings on the internal controls (material weaknesses and significant deficiencies),
- 2.) commented on the inadequacy of the financial reporting process of the State, and
- 3.) regularly proposed adjustments to financial statements year after year. These findings have been directed primarily toward the Office of the State Comptroller (IOC) and major State agencies under the organizational structure of the Office of the Governor.

The **Office of the State Comptroller** has made changes to the system used to compile financial information; however, the State has not solved all problems to effectively remediate these financial reporting weaknesses. The process is overly dependent on the post audit program being a part of the internal control for financial reporting even though the Illinois Office of the Auditor General has repeatedly informed State agency officials that the post audit function is not and should not be an internal control mechanism for any operational activity related to financial reporting.

We recommended the Office of the Governor and the Office of the State Comptroller work together to resolve the State's inability to produce timely and accurate GAAP basis financial information and a Statewide SEFA.

The **Governor's Office** agreed with the finding and stated the Governor's Office, the Governor's Office of Management and Budget, and the Office of the Comptroller are working to address these challenges and have developed a timeline for short-term, mid-term, and long-range plans, and the response provided further details of these plans. The Governor's Office further stated that they will continue working with agencies to provide as much complete information as possible given the State's current capacities.

The **Comptroller's Office** response stated the IOC will continue to assist the Governor's Office in their efforts to increase the quality of the GAAP packages and provide training and technical assistance to State Agencies. In addition, legislation passed by the General Assembly – if approved by the Governor – would create the Financial Accounting Standards Board whose mission would be to improve the timeliness, quality, and processing of financial reporting for the State.

FINANCIAL REPORTING WEAKNESSES

The State of Illinois did not have adequate controls to assess the risk that information reported by individual agencies of the primary government would not be fairly stated and compliant with generally accepted accounting principles. The Office of the Auditor General performs audits at 23 agencies of the primary government, including five pension systems and the State Board of Investments. During these audits, we noted that at 13 agencies there were a total of 16 material weaknesses and 28 significant deficiencies related to the internal controls over the financial reporting process.

Material weaknesses and significant deficiencies further extend financial reporting timelines since additional measurements and reporting are required. Completion or substantial completion of these audits

ACCOUNTABILITY (CONT.)

is necessary in order for the Auditor General to issue an opinion on the State's basic financial statements. In addition to the deficiencies noted above, restatements and material errors were noted during our audits, which are as follows:

- The beginning balances in the financial statements of the primary government were restated due to the correction of one error. The restatement totaled \$325.778 million due to the Department of Healthcare and Family Services understating the Department's drug rebate receivables.
- Material misstatements were identified by the auditors at six agencies. The misstatements ranged from \$1.6 million to \$349 million.

We recommended the State implement additional internal control procedures in order to assess the risk of material misstatements to the financial statements, and to identify such misstatements during the financial statement preparation process. The internal control procedures should include a formal evaluation of prior problems and implementation of procedures to reduce the risk of these problems reoccurring.

The **Governor's Office** agreed with the finding and responded that with agencies using many financial systems it is difficult to set Statewide internal controls. Rather than spend time monitoring a multitude of financial systems and the internal controls needed, the Governor's Office has focused on solving the problem with a centralized financial accounting system. The Governor's Office further stated that if the State had an entity-wide financial accounting system, internal controls would be built into the system to lessen the risk that statements are not fairly presented. These internal controls would detect any deficiencies that could result in a material weakness or a significant deficiency.

The **Comptroller's Office** response stated the IOC will continue to assist the Governor's Office in their efforts to increase the quality of the GAAP packages by providing training and technical advice to State agencies. In addition, legislation passed by the General Assembly – if approved by the Governor – would create the Financial Accounting Standards Board whose mission would be to improve the

timeliness, quality, and processing of financial reporting for the State.

FINANCES INCREASE RISKS

The State of Illinois did not have sufficient controls over its finances to ensure obligations are paid timely. This condition increases the risk that liabilities will not be properly recorded. We noted the following during our financial audit of the State's financial statements and our financial audits at various Departments.

The State had transactions totaling \$4.740 billion on hand at June 30, 2011 that had been approved for payment by the State, but remained unpaid at year end due to the State's cash flow difficulties. Of this amount, nearly \$3 billion was owed to external parties, the remaining balance was related to intra-governmental transactions and statutorily mandated transfers.

During our audit of the **Illinois Department of Revenue (IDOR)**, the auditors reported that there was a deficit balance totaling \$1.5 billion in the Income Tax Refund Fund, a sub-account of the General Revenue Fund, because the State did not allocate sufficient income tax revenues into the Income Tax Refund Fund.

Large deficits in the Income Tax Refund Fund indicate that the State is essentially borrowing from taxpayers (individuals and businesses) since over-payments of taxes are not revenue to the State when accounted for in accordance with generally accepted accounting principles (GAAP). Delays in paying tax refunds generates additional adjustments to convert cash basis amounts to GAAP basis. These necessary adjustments, due to lack of cash payment, increases the risk that liabilities will not be recognized in the proper period.

We recommended the Governor work with the General Assembly to improve the State's control over State finances in a manner that eliminates significant payment delays including refunds due to taxpayers.

The **Governor's Office** response stated that the

Office recognizes that significant balances are owed at year-end; however, the Office disagrees that this is the result of insufficient controls over its current finances. The Governor's Office attributed the unpaid bills as a result of decades of fiscal mismanagement, as well as the economic downturn and diminished revenues.

The **Governor's Office** further stated that the Office successfully undertook Medicaid reform in the 2012 legislative session, and that this reform will have an impact in 2013 by reducing the part of the unpaid accounts payable that belongs to Medicaid payments. In addition, the Fiscal Year 2013 budget that passed the legislature has funds set aside to begin paying down the liability. These unpaid bills create a risk that liabilities are unrecorded, and are the result of an inadequate financial reporting process. If the State had a consolidated accounting system with a general ledger, these liabilities could be properly recorded.

The **Governor's Office** and **GOMB** agreed that the refund rate set by the General Assembly is insufficient to pay tax refunds. The refund rate set for FY 2013 is closer to the estimated rate needed to pay refunds in fiscal 2013.

In an auditors' comment we noted that the amount of held payments of \$4.740 billion at the end of Fiscal Year 2011 created an additional risk that material liabilities would not be recorded in the proper period. The held payments had legal authorization for payment and were unpaid due to a lack of resources. Attributing the cause of this additional weakness to a lack of control over State finances is reasonable since the State essentially follows a cash basis budget process. As noted in the finding, we do agree that economic conditions are relevant to the cause of the condition.

INCREASED LEVELS OF UNPROCESSED TAXPAYER INFORMATION

During testing, auditors noted the **Department of Revenue** (Department) has experienced a significant increase in the inventory of Business Income Tax

(BIT) and Withholding Income Tax (WIT) taxpayer information to be processed and finalized.

One segment of the Department's taxpayer information inventory consists of original tax returns to be processed and finalized. When taxpayer information is entered into the Department's tax processing system (GenTax), certain returns are automatically flagged by GenTax that require additional manual processing to finalize, which creates this category of inventory. These flags are attached for various reasons, including mathematical errors, missing tax forms, etc. This segment has increased significantly over the past few years and is predominantly business income tax returns.

It is the Department's policy to exclude the indicated balances due on these returns from the financial statements, because the true balances are unknown until the returns are manually worked by the Department's tax specialists.

As June 30, 2011, the Department identified \$4.7 billion of items related to taxpayer information to be processed and finalized (representing 68,862 returns). Although it is generally agreed the vast majority of the \$4.7 billion is invalid and will be reduced upon the tax information being finalized, there is no reasonable methodology or process for estimating the valid receivable amount of these partially processed returns.

Due to the increasing backlog of taxpayer information to be processed and finalized, the Department is not able to accurately measure and report associated receivables, deferred revenue, and tax revenue in the financial statements within the proper fiscal year. Additionally, due to increased demands and less staff in general for processing taxpayer information, the backlog has the potential to continue to increase over time.

We recommended the Department seek sufficient resources to process taxpayer information in a timely manner to ensure taxpayer records and financial information reflect appropriate information and expedite the ability of the Department to collect all taxes due to the State.

ACCOUNTABILITY (CONT.)

Department officials agreed with the recommendation and indicated they will seek additional resources to resolve this issue. The Business Income Tax Unit operated 20 to 30 percent below approved headcount during FY11. The State's constrained fiscal environment has made it a challenge for the Department to maintain sufficient resources to operate effectively. Department officials noted they have re-assigned and consolidated operations of staff to key units to mitigate the risks to the State.

NEED TO IMPROVE REPORTING OF CAPITAL ASSETS

The **Department of Transportation** (Department) did not accurately report capital assets to the Illinois Office of the Comptroller for Fiscal Year 2011.

Some of the errors and weaknesses we noted in the Department's capital asset process follow:

- The Department made several errors in the reporting of infrastructure depreciation. As a result of these errors, capital assets being depreciated and the net of accumulated depreciation were understated by \$43.822 million while transportation expenses were overstated by that amount.
- In our testing of construction-in-progress, we noted the Department failed to accurately calculate current year additions to construction-in-progress. We also noted the Department removed completed projects from its construction-in-progress balance but failed to capitalize those costs as additions to buildings and building improvements. Further, the Department removed certain project costs from its construction-in-progress balance which were part of projects that, when completed, would meet the requirements for capitalization. The Department corrected the errors, and the related \$2.461 million overstatement of transportation expenditures, in its revised financial statements.
- In our testing of land, the Department improperly recorded the costs of land acquisitions related to the South Suburban Airport project during the current and prior fiscal years. In addition, the Department improperly capitalized certain costs which were not related to the acquisition of land.

Further, the Department failed to record certain jurisdictional transfers as disposals from its property records. The Department did not consider the combined \$16.889 million overstatement of land to be material to the financial statements and it has not been corrected at June 30, 2011.

- The Department failed to properly estimate the allocation of accounts payable between capital outlay expenditures and transportation expenditures at June 30, 2011. The Department's estimation of infrastructure payables excluded consideration of railroad and utilities related costs vouchered after June 30, 2011 as well as construction costs vouchered after August 31, 2011. The amount of these estimates could not be determined by the Department as of May 16, 2012 (the date of auditor's report). The Department did not consider the reclassification of expenditures on its governmental funds financial statements or the adjustment of expenditures and capital assets on its government-wide financial statements to be material and no corrections were made as of June 30, 2011.

We recommended the Department devote sufficient resources to its financial accounting function such that the capital asset information is properly reported and accounted for to permit the preparation of reliable financial information and reports to the Office of the Comptroller.

Department officials agreed with the recommendation.

INTERNAL AUDITING PROGRAM NOT IMPLEMENTED

The **Illinois Finance Authority** (Authority) did not implement the internal auditing program in fiscal year 2011 in accordance with the Fiscal Control and Internal Auditing Act.

Although the Authority contracted with an external firm to provide performance of the internal auditing program in Fiscal Year 2010 for a three-year term ending Fiscal Year 2013, the Authority did not actually implement the internal auditing program

during Fiscal Year 2011. The Authority did not prepare an internal audit plan and no internal audits were undertaken in Fiscal Year 2011. The Authority approved a two-year internal audit plan for Fiscal Year 2012 and Fiscal Year 2013 created by the external firm on June 27, 2011.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/2001) (Act) states each designated State agency shall maintain a full-time program of internal auditing. Section 1003 of the Act defines State agencies to include the Illinois Finance Authority.

We recommended Authority management comply with the Act and implement an internal auditing program.

Authority officials accepted the Auditor's recommendation and indicated they had an internal audit plan developed by the end of Fiscal Year 2011. However, the internal audit plan was not completed within the required reporting time.

INADEQUATE CONTROLS OVER COMPUTER INVENTORY

The **Department of Public Health** (Department) was not able to locate 75 computers during Fiscal Years 2010 and 2011, some of which may have contained confidential information.

In its Fiscal Year 2010 and 2011 Physical Inventory Reports, the Department reported missing computer inventory totaling \$95,874, which included 32 desktop and 43 laptop computers. In addition, the Department did not perform a detailed assessment and therefore was unable to determine whether the missing computers contained confidential information. Further, the Department had not protected all of its computers with encryption software, thus increasing the risk that confidential or personal information could be exposed.

We recommended the Department:

- Immediately perform a detailed inventory of computer equipment.
- Perform a detailed assessment to determine if any

of the missing computers contained confidential information.

- Review current practices to determine if enhancements can be implemented to prevent the theft or loss of computers.

We also recommended the Department establish procedures to immediately assess if a computer may have contained confidential information whenever it is reported lost or stolen.

Department officials concurred with the finding and recommendation and stated corrective action will be taken. Officials stated a review of computer equipment inventory is underway and if any missing computers contained confidential information, IT Security will be informed.

INADEQUATE CONTROLS OVER COUNTY HOSPITAL SERVICES FUND

The **Department of Healthcare and Family Services** (Department) did not have adequate controls over the County Hospital Services Fund.

During our review of the County Hospital Services Fund, which included a review of the Interagency Agreement between the Cook County Health and Hospitals System, the Cook County Board of Commissioners and the Department and testing of reimbursement rates that are determined by the Department, we noted the following:

- The Department's calculations of the Fiscal Year 2011 outpatient rates for two Cook County hospitals were incorrect. The incorrect outpatient rates were the result of the Department using the incorrect "Medicare Adjustment Factor" when determining the outpatient rates for these two hospitals. When calculating the outpatient rates for these hospitals, the same "Medicare Adjustment Factor" was used for all three hospitals instead of different "Medicare Adjustment Factors" for each hospital.
- The Department was unable to provide documentation to support its calculation of the Medicare, Medicaid, and SCHIP Benefits Improvement and

ACCOUNTABILITY (CONT.)

Protection Act of 2000 Disproportionate Share Hospital Adjustment Payments (BIPA DSH) for Fiscal Year 2011. Furthermore, based on the auditor's calculation of the Fiscal Year 2011 BIPA DSH payment allocation to the Cook County hospitals, it appears the Department used the total Medicaid inpatient days from Fiscal Year 2004 instead of the total Medicaid inpatient days from Fiscal Year 2008, which would be the appropriate determination year for Fiscal Year 2011. Due to the Department's failure to provide the total Medicaid inpatient days from Fiscal Year 2008, the proper allocation of the BIPA DSH payments could not be determined.

The Department did not make these adjustments until February 2012, which is eight months after the fiscal year end. Due to the errors noted above, Cook County Hospitals were underpaid a total of \$40,783.

In addition, we noted 1 of 4 (25%) Secondary Disproportionate Share Hospital Transfer Payments (Secondary Transfer Payment) was made for an incorrect amount. The Department made the Fiscal Year 2011 2nd quarter Secondary Transfer Payment in the amount of \$56,250,000, which was \$50,000 more than the required payment amount.

We recommended the Department use correct data to calculate outpatient rates and BIPA DSH payments, maintain documentation to support the BIPA DSH calculations, and ensure the Secondary Transfer Payments are made for the required amounts.

Department officials concurred with the recommendation and stated that the Department will develop procedures which will identify the correct rates and payments to use when calculating Fiscal Year 2013 Cook County Bureau of Health Service rates. The Department also stated that they will work with Cook County to ensure the necessary documentation needed to support these rates and payments is maintained.

INADEQUATE CONTROLS OVER COMMODITIES

The Illinois Department of Human Services

(Department) does not maintain an adequate oversight function over commodities, resulting in inadequate controls.

During testing, several exceptions and weaknesses were noted in the oversight function of the Department's commodities. The exceptions and weaknesses were noted at individual facilities/centers, schools, and multiple warehouse locations. Following are some of the commodity/inventory problems noted during testing:

- The Department's Warehouse Control System does not allow the system user to readily review the purchase history of items to ensure the commodities are accurately priced under the average cost method. Auditors noted the average cost method is not being utilized to record the cost of commodities inventories at the Department's two warehouses.
- Inventory counts could not be reconciled to perpetual inventory records at six of twenty facilities and two warehouses.
- Pharmaceutical inventories for six facilities were misstated at June 30, 2011 by the value of the pharmaceuticals disbursed to patients June 27-30 but not posted to the Commodity Control System until July 1-3. A custom report was created to capture the pharmaceuticals that were disbursed from July 1st through July 3rd; however, the report contained a programming error and did not accurately reflect the pharmaceuticals that were disbursed June 27-30. Pharmacy personnel attempted to arrive at the correct year-end balance; however, the auditors were unable to verify test counts with the final inventory balances.
- Four of twenty facilities had inventory items that were overstocked or in excess of a twelve-month supply. The Illinois Procurement Code states every State agency shall inventory or stock no more than a 12-month need of equipment, supplies, commodities, articles, and other items, except as otherwise authorized by the State agency's regulations. In addition, auditors noted expired items at two facilities.

Similar exceptions were identified at the Department in previous reports. The Department stated they have established a centralized oversight for commodities;

however, staffing shortages and the outdated system continue to contribute to the weaknesses noted for commodity inventories.

Strong internal controls require an improved centralized oversight function related to commodities. This is important considering the Department made commodities expenditures of \$34.85 million during fiscal year 2011. In addition, the Department recorded ending commodities inventories of \$7.8 million at June 30, 2011.

We recommended that the Department continue strengthening its oversight function related to commodities to allow for improved internal controls.

Department officials agreed with the recommendation and are investigating ways to strengthen and develop a more centralized oversight function related to commodities to allow for improved internal controls.

FAILURE TO IDENTIFY AND REFUND TITLE IV AID IN A TIMELY MANNER

Northeastern Illinois University (University) did not properly identify all students who withdrew from the University. The University also did not determine or return the unearned portion of Title IV aid provided to all students who withdrew from the University, resulting in inaccuracies in the amounts reported in their financial statements and noncompliance with Federal Regulations.

In our testing of unofficial withdrawal determinations, we tested a sample of 40 students receiving Title IV aid and who failed to receive a passing grade in any of their classes. We noted that seven students lacked documentation that they completed the period and, therefore, should have been considered to have unofficially withdrawn from the University.

In response to the results of this testing, University personnel performed unofficial withdrawal determination procedures on the remaining students receiving Title IV aid and who failed to receive a passing grade in any of their classes.

These procedures resulted in the identification of 248 students that received Title IV aid and should have been considered to have unofficially withdrawn from the University.

The Federal Government requires that an institution must have a procedure for determining whether a Title IV aid recipient who began attendance during a period completed the period or should be treated as a withdrawal. If a student who began attendance and has not officially withdrawn fails to earn a passing grade in at least one course offered over an entire period, the institution must assume, for Title IV purposes, that the student has unofficially withdrawn, unless the institution can document that the student completed the period.

Furthermore, federal regulations require that when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date and refund the unearned portion to the Federal Government.

The withdrawal date for a student who ceases attendance without providing notice at an institution that is not required to take attendance is the mid-point of the payment period. Consequently, 50% of Title IV grant or loan assistance provided to the student is considered unearned and should be refunded.

In the case of a student who did not begin attendance during the period of enrollment, or if the institution is unable to document the student's attendance at any class during the period, all Title IV grant or loan assistance provided to the student is considered unearned and should be refunded.

Based on our testing of the University's calculation of the refundable Title IV grant and loan assistance for the 248 students identified above, we noted that the University lacked documentation of attendance in any class for 144 of these students.

Ultimately, in response to our testing and inquiries,

ACCOUNTABILITY (CONT.)

the University identified \$529,154 in unearned Title IV aid which should have been refunded to the Federal Government and for which the University has recourse against the students for payment.

Since the liability to the Federal Government had not been identified timely, the University's financial statements understated current liabilities for refundable grant revenues by \$529,154 and also understated student receivables, net of an allowance for doubtful accounts, by \$264,577. A proposed

adjustment was not recorded by the University.

We recommended that the University implement procedures to ensure that refunds are processed timely and accurately in order to facilitate accurate financial reporting and to be in compliance with federal regulations.

The University agreed with this finding.



FEDERAL AUDITING

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, 45 Illinois State agencies expended federal financial assistance in FY11.

The Schedule of Expenditures of Federal Awards (SEFA) reflects total expenditures of approximately \$28.1 billion for the year ended June 30, 2011. Overall, the State participated in 422 different federal programs; however, 11 of these programs or program clusters accounted for approximately 86.2% of the total federal award expenditures.

Overall, eleven State agencies accounted for approximately 98.7% of all federal dollars spent during FY 2011.

Our audit testing covered 31 major programs expending about \$26.8 billion in federal awards.

Our report contained 101 findings related to 18 State agencies.

SUMMARY OF FEDERAL SPENDING BY STATE AGENCY For the year ended June 30, 2011

Agency	Millions
Healthcare and Family Services	\$ 9,577.5
Employment Security	6,764.6
Human Services	4,875.2
Board of Education	2,527.2
Transportation	1,924.0
Commerce & Economic Opportunity	708.2
Children & Family Services	424.7
Environmental Protection Agency	319.2
Student Assistance Commission	245.5
Public Health	238.7
Emergency Management Agency	167.7
All Others	341.4
Total Federal Spending	\$ 28,114.0

Source: FY 2011 State of Illinois Supplemental Report of Federal Expenditures by Agency/Program Fund.
(Amounts may not add exactly due to rounding.)

FEDERAL AGENCIES PROVIDING FEDERAL FUNDING For the year ended June 30, 2011	
U.S. Department	Millions
Health & Human Services	\$ 11,873.4
Labor	6,972.8
Agriculture	4,030.3
Education	2,260.6
Transportation	1,928.1
All Others	1,048.8
Total Federal Award Expenditures	\$ 28,114.0

Source: FY 2011 State of Illinois Single Audit Report

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 the 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. For example, our 2012 audit of the Firearm Owners Identification Card Program identified several problems with the Illinois State Police's administration of the program. Senate Bill 1034, which was passed by both the House and Senate in the spring of 2012 and signed into law by the Governor in August 2012 (Public Act 97-1131), addressed a major finding in the audit report that not all individuals with adjudicated mental health cases were being reported to State Police. Public Act 97-1131 mandates that the circuit courts direct the circuit clerks to provide adjudicated mental health information in a form and manner prescribed by the State Police and to forward a copy of the court order to ISP.

In other instances, significant changes may not be seen for several years. The length of time it takes to see changes is due to the process of transforming the audit findings and recommendations into legislative bills and converting bills into law; additionally, once a law is implemented, the effects may not be apparent for some time.

In 2012, our *2011 Management Audit of the State's Financial Reporting System* 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:

- *2010 Program Audit of the Covering ALL KIDS Health Insurance Program;*
- *2009 Management and Program Audit of the Illinois State Police's Division of Forensic Services;*
- *2008 Performance Audit of the Department of Healthcare and Family Services' Prompt Payment Act Compliance and Medicaid Payment Process;*
- *2007 Performance Audit of the Mass Transit Agencies of Northeastern Illinois;*
- *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.*

Office of the Auditor General performance audits have also received three Excellence in Accountability Awards by the National State Auditors Association (NSAA) over the past eight years:

- *The Performance Audit of the Mass Transit Agencies of Northeastern Illinois: RTA, CTA, Metra, and Pace in 2008;*
- *The Management and Program Audit of the Rend Lake Conservancy District in 2005; and*
- *The Management Audit of the Illinois State Toll Highway Authority in 2004.*

NSAA established the Excellence in Accountability Awards Program in 2003 to recognize outstanding performance audits and special projects.

THE PERFORMANCE AUDIT PROGRAM

Performance audits directly impact and improve agency operations. The Auditor General released nine performance audits and two annual reviews in 2012. The audits contained a total of 104 recommendations. State agencies generally accepted the audit recommendations to correct or improve operations.

In addition, the Performance Audit Program had the responsibility for Fiscal Year 2011 audits of 44 Regional Offices of Education (ROEs) and 3 Intermediate Service Centers (ISCs). Audits released in 2012 included a total of 102 recommendations for improvement. ❖

PERFORMANCE AUDITS COMPLETED IN 2012

PERFORMANCE AUDIT OF CERTAIN FINANCIAL AND BUSINESS PROCESSES OF THE UNIVERSITY OF ILLINOIS BOARD OF TRUSTEES

The University Board requested that the Legislative Audit Commission authorize and direct the Auditor General to conduct an independent external audit of certain financial and business processes for which the Board had responsibility for the period 2007-2009. The Board is the governing body of the University and has final authority over University activity. The Board has certain authorization levels for transactions it must approve. Our audit found:

- The Board utilized the Executive Committee during the audit period for issues that were either not urgent in nature, or were matters that should have been discussed and voted on by the full Board.
- **Purchasing Transactions:** During the audit period the Board approved 337 purchases totaling \$602 million based on dollar thresholds established by the Board in 2005. We specifically found:
 - The University did not provide complete and accurate information to the Board related to purchasing transactions for approval as required by Board policy.
 - The criteria reviewed on evaluations were not maintained in all procurement files; and the required evaluation criteria listed in the RFP was not always consistent with the criteria in the evaluation process.
 - The University did not maintain individual evaluations for each committee member in the file.

- The University did not maintain complete evaluations for each procurement transaction in our sample.
- The University's procurement files contained evaluation scoring errors.

- **Finance and Investment Transactions:**

During audit testing we identified a potential conflict of interest involving a Board official who recommends firms to the full Board for financing activities. Also, the University: utilized a two-team evaluation approach for the procurement of a financial advisor that was outside usual University evaluation procedures; did not maintain supporting files for the procurement of all the financing parties; utilized financing parties with which the University did not have a current contractual agreement; and overpaid bond counsel and issuer's counsel vendors based on an examination of the contractual rates for those services.

- **Construction Transactions:** During the audit period, the University submitted, and the Board approved, \$981 million in construction related transactions. We specifically found:

- Inconsistencies, errors, and discrepancies during the review of the University's evaluation process for A/E professional service consultants. In addition, the over involvement of personnel external to the evaluation committee was identified during the review of the University's selection process for A/E professional service consultants.
- The University was not obtaining sufficient information for contractors and subcontractors, including Minority and Female Business Enterprise (MAFBE) information. The University was also not ensuring MAFBE

PERFORMANCE AUDITS COMPLETED IN 2012 (CONT.)

information proposed in bids was consistent with MAFBE information listed in final University contracts.

MANAGEMENT AUDIT OF THE STATE'S PROCUREMENT OF HEALTH INSURANCE VENDORS FOR THE STATE'S GROUP HEALTH INSURANCE PROGRAM

The Department of Healthcare and Family Services was responsible for procurement of health care contracts for State employees. Additionally, the Executive Ethics Commission has been given the responsibility of procurement oversight.

On April 6, 2011, the Department announced the Health Maintenance Organization award to BlueCross BlueShield (BCBS) for a total of \$6.6 billion. On that same day, PersonalCare and HealthLink were awarded contracts totaling \$379 million for the Open Access Plan administration services.

Our review of the procurement process found the **Department of Healthcare and Family Services:**

- Failed to include all relevant information, including scoring evaluation criteria, in the RFPs.
- Utilized a consulting firm to have a major participation role in the procurements even though the firm had business relationships with all the firms that proposed on the two State procurement opportunities.
- Failed to ensure that all members of the evaluation team had all needed materials to score the proposals.
- Failed to comply with policy by not having the evaluation teams meet during the evaluation process.
- Allowed 10 of 12 evaluators to violate the evaluation procedures by not providing appropriate comments.
- Failed to address major differences in scoring by evaluators, a violation of evaluation procedures.
- Within the period of one month, March 7, 2011 to April 6, 2011, had developed and the Director had signed two different recommendations to award

the State healthcare contracts.

- The Department awarded BCBS 20 counties it did not even bid on. Also, network documentation showed that BCBS had zero primary care physicians in 24 counties that it was awarded.

Our review of the procurement process found the **Executive Ethics Commission:**

- Had staff review and approve the RFPs without ensuring all relevant information was included.
- Had staff who did not question lack of compliance with evaluation procedures.
- SPO did not approve the awards until after the awards were publicly announced.
- Utilized a protest review process where the protest officer basically rules on the procurement process that his staff guided and approved, a process that lacks independence.
- Failed to develop policies and procedures for the activities of its staff who oversee procurement functions.

Given the serious deficiencies in the procurement activities, including the disregard for following evaluation procedures and lack of documentation to support how the recommendation to award changed, we were unable to conclude whether the State's best interests were achieved by the Department for the awards for the State health insurance procurements. Additionally, oversight of these procurements by the Commission lacked adequate review prior to approving the award of the contracts. These are serious problems given that this involved over 400,000 enrollees and eligible dependents and \$7 billion in taxpayer monies.

FINANCIAL, COMPLIANCE AND PROGRAM AUDIT OF THE VILLAGE OF ROBBINS' USE OF MUNICIPAL ECONOMIC DEVELOPMENT FUNDS, FOR THE YEAR ENDED DECEMBER 31, 2010

The Public Utilities Act (220 ILCS 5/8-403.1) requires the Auditor General to conduct an annual

PERFORMANCE AUDITS COMPLETED IN 2012 (CONT.)

financial, compliance, and program audit of distributions received by any municipality from the Municipal Economic Development Fund (MEDF). 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 twelfth audit conducted under this requirement. This audit covers distributions from the Fund during calendar year 2010. The **Village of Robbins** was the only entity to receive distributions from the Fund. The audit concluded that:

- In 2010, Robbins received \$386,132.93 in quarterly disbursements from the Fund.
- Robbins used these monies for specific disbursements such as Village payroll, employee insurance expenses, and general Village expenses. Based on our review of documentation provided by the Village of Robbins, we concluded that Robbins' calendar year 2010 expenditures of MEDF receipts appeared to be consistent with Public Utilities Act requirements.
- Robbins officials have not yet calculated and transferred the interest earned on a \$1.6 million Department of Commerce and Economic Opportunity grant deposited into the Village's MEDF fund in April 2007. The Public Utilities Act requires that MEDF monies be held in a "separate account."

MANAGEMENT AUDIT OF THE DEPARTMENT OF STATE POLICE'S ADMINISTRATION OF THE FIREARM OWNER'S IDENTIFICATION CARD ACT

House Resolution Number 89 required the Office of the Auditor General to conduct a management audit of the **Illinois State Police's** (ISP) administration of the Firearm Owners Identification Card (FOID) Act. Our audit concluded that the effectiveness of the FOID card program is limited in promoting and protecting the safety of the public.

There are significant deficiencies in the reporting of

individuals with potentially disqualifying mental health conditions to ISP. During 2010, only 3 of the 102 circuit court clerks (3%) submitted mental health court orders to ISP as required by the Act. As a result, ISP did not receive the information needed from the circuit court clerks to revoke or deny FOID cards. Due to the lack of reporting by circuit court clerks in Illinois, ISP could not report all individuals adjudicated as a "mental defective" or "intellectually disabled" (terms used by the Act) to the FBI's National Instant Criminal Background Check System (NICS), as required by the Act. Fifty-six of the 121 (46%) orders received from circuit court clerks during 2010 did not contain information determined by ISP to be necessary, including date of birth, gender, or race. We found that 27 of the 121 (22%) orders from the circuit court clerks were not reported to NICS.

Mental health admissions data received by the Department of Human Services from private hospitals and nursing homes did not make the distinction between voluntary and involuntary admission; therefore, ISP could not report any individuals with disqualifying mental health admissions (i.e., adjudicated involuntary admissions) from private hospitals or nursing homes to NICS.

Our audit also found that:

- The Illinois State Police's Firearms Services Bureau did not approve all FOID cards in the required 30 days for the 903,139 applications received during 2008, 2009, and 2010. Over the three year period, 566,616 of 879,906 (64%) applications were approved within 30 days. In 2008, 40 percent of cards were approved within 30 days. The processing times improved to 80 percent in 2009 and decreased to 70 percent in 2010.
- ISP did not deny all FOID card applications in the required 30 days. For applications received during 2008, 2009, and 2010, ISP denied 20,152. Over the three year period, 71 percent of the denied FOID cards were denied within the required 30 days.
- During 2008, 2009, and 2010, the ISP recorded 21,212 reasons for revocations of FOID cards for 20,227 cardholders. ISP officials estimated that only 30 percent of revoked FOID cards are returned to ISP.

PERFORMANCE AUDITS COMPLETED IN 2012 (CONT.)

- ISP did not have enough Customer Service Representatives to handle the volume of calls that are received by the Bureau related to the FOID card program. According to call logs provided by ISP, during the last quarter of 2010, 25,131 of 29,420 calls (85%) were not answered by ISP.
- According to documentation provided by ISP, from July 1, 2009, through June 30, 2011, the State Police spent \$526,919 on overtime for FOID card processing.
- Data was incomplete, inaccurate, and inconsistent.
- Did not conduct annual reviews to evaluate Arbitrator performance.
- Did not have guidelines for Arbitrators regarding awards. We reviewed awards and found that many were inconsistent for the same type of injury to the same body part.
- Review Board responsible for conducting investigations of complaints against Arbitrators and Commissioners did not meet for 3½ years (February 11, 2008-September 9, 2011).
- Did not have a formal policy or specific procedures to identify fraud.

MANAGEMENT AUDIT OF THE WORKERS' COMPENSATION PROGRAM AS IT APPLIES TO STATE EMPLOYEES

The Workers' Compensation Program as it applies to State employees involves three State agencies: the **Department of Central Management Services (CMS)**, the **Illinois Workers' Compensation Commission**, and the **Illinois Attorney General**. According to data received from CMS, for the four-year period January 1, 2007, through December 31, 2010, State employees filed a total of 26,101 workers' compensation claims. As of July 2011, over \$295 million was paid in workers' compensation for State employees on claims filed during the four-year period.

Our review of the workers' compensation program found that CMS:

- Data was incomplete, inaccurate, and inconsistent.
- Adjusted claims and made decisions regarding compensability without appropriate forms being submitted.
- Did not have caseload standards and could not always provide Adjuster caseloads.
- Needed to establish clearer policies regarding settlement contracts and approval limits.
- Negotiated settlement contract terms directly with the injured employee's legal counsel.
- Did not have formal policies for conflicts of interest for Adjusters or other employees who process workers' compensation claims.

Our review of the workers' compensation program found that the Workers' Compensation Commission:

Our review of the workers' compensation program found that the Attorney General:

- Did not have specific policies or procedures to identify or control fraud for workers' compensation cases referred to them.

Throughout this audit we identified numerous shortcomings in both the structure and operations of the workers' compensation program as it applies to State employees. These problems have led to a program that is ill-designed to protect the State's best interests as it relates to processing and adjudicating workers' compensation claims for State employees. Because of the extensive problems that permeate the workers' compensation program as it applies to State employees, the General Assembly may wish to consider further changes to the structure and operations of the Workers' Compensation Program as it applies to State employees.

MANAGEMENT AUDIT OF THE ILLINOIS DEPARTMENT OF TRANSPORTATION'S LIFE-CYCLE COST ANALYSIS FOR ROAD CONSTRUCTION CONTRACTS

Public Act 96-715, effective August 2009, required the **Illinois Department of Transportation (IDOT)** to develop and implement a life-cycle cost analysis for each State road project under its jurisdiction for which the total pavement costs exceed \$500,000. Legislative Audit Commission Resolution Number

PERFORMANCE AUDITS COMPLETED IN 2012 (CONT.)

140 required the Office of the Auditor General to conduct a management audit of the Illinois Department of Transportation's implementation of this Law.

Of the 313 road contracts under the State's jurisdiction awarded by IDOT in 2010 with pavement costs greater than \$500,000, 19 (6%) received a life-cycle cost analysis (LCCA), based on documentation provided by IDOT. While IDOT performs life-cycle cost analyses on new construction and reconstruction projects, it typically does not perform LCCAs on rehabilitation projects. We concluded that given the requirements of Public Act 96-715 and the existence of pavement alternatives, IDOT should be performing LCCAs on rehabilitation projects involving structural overlays.

Our audit also found that:

- Eight of 15 contracts utilized LCCAs that were 3 or more years old (at the time of project letting), ranging from 3 years to over 12 years old. Costs could have changed dramatically over the time period between when the LCCAs were prepared and when the projects were put out for bid.
- Twelve of 15 contracts (80%) were missing unit cost support for one or more of the major pay items for concrete or asphalt. Without the cost support, it would be difficult for IDOT's Central Office to perform its review and ensure that appropriate unit costs were used by each respective District.
- There were 21 instances where costs were miscalculated in the LCCA. Two of the errors resulted in a pavement being selected that actually had higher life-cycle costs than the alternative.
- IDOT's maintenance and rehabilitation activity schedules in use during calendar year 2010 were based primarily on engineering judgment and not actual historical project schedules, and therefore were not in compliance with the Act. They have since been updated and are based on historical schedules and actual pavement performance.
- IDOT does not incorporate user costs into its life-cycle cost analyses. Public Act 96-715 states that IDOT "may include estimates of user costs throughout the entire pavement life."

- IDOT's Central Office does not check to ensure that all eligible projects receive a LCCA.
- The Pavement Selection Committee was not functioning as required by IDOT policy.

MANAGEMENT AUDIT OF THE COLLEGE ILLINOIS! PREPAID TUITION PROGRAM'S ADMINISTRATIVE OPERATIONS

We identified several deficiencies in the administrative operations of the **College Illinois! Prepaid Tuition Program** (Program) including a procurement process that lacked consistency, transparency, independence, documentation, and compliance with procurement rules and the Procurement Code. We also identified management issues including a lack of support for actuarial assumptions used when setting contract prices, not having a set policy for how Program costs are allocated, and not utilizing key controls governing the Program's investments.

Specifically, we found the following:

- The **Illinois Student Assistance Commission** (ISAC) circumvented the Illinois Procurement Code by selecting two investment managers outside of the normal procurement process. The procurement process was also circumvented when awarding a contract to perform due diligence services on the two investment managers.
- ISAC did not comply with its own conflict of interest policy. There were two instances where the former Executive Director did not disclose potential conflicts of interest that met ISAC's criteria for disclosure. In January 2010, the former Director of Portfolio Management made a personal investment with an investment manager while the selection process involving that investment manager was still ongoing.
- The process of selecting investment managers was inconsistent from fiscal years 2006 through 2011. Changes began to occur at the time that the Program sought investment managers for alternative investments. The role of the independent

PERFORMANCE AUDITS COMPLETED IN 2012 (CONT.)

Investment Consultant was reduced, including the removal of its role in evaluating proposals.

- We noted several issues with the procurements, including a lack of documentation for vendor interviews/presentations, missing evaluations, changing evaluation criteria from what was specified in the RFP, and lack of support justifying the number of proposers selected for award.
- Internal controls over the investment process were not functioning properly, including the Investment Committee that was created but not formally established, the Portfolio Committee that was not fulfilling its requirements, and the Investment Advisory Panel failing to fulfill its statutory duties. In addition, the Investment Advisory Panel raised questions or concerns on certain investment issues which were not communicated to members of the Commission.
- ISAC could not provide support for how actuarial assumptions, such as investment return and future contract sales, were established or any rationale to support the assumptions used.

Program costs nearly tripled from \$6.4 million in Fiscal Year 2006 to \$18.1 million in Fiscal Year 2011 due to a substantial increase in investment management fees and increases in both direct and shared payroll expenses. Fees collected from purchasers of tuition contracts covered only 7 percent of operating costs in fiscal year 2011.

PROGRAM AUDIT OF THE COVERING ALL KIDS HEALTH INSURANCE PROGRAM

Public Act 95-985 amended the Covering ALL KIDS Health Insurance Act (215 ILCS 170/63) and directed the Auditor General to annually audit the ALL KIDS program. This is the third annual audit and covers FY11. The focus of this audit is on “**EXPANDED ALL KIDS**,” which is a portion of the ALL KIDS program that serves uninsured children not previously covered by KidCare (e.g., those children whose family income was greater than 200 percent of the federal poverty level or who were undocumented immigrants).

This FY11 audit of the EXPANDED ALL KIDS program follows up on the **Department of Healthcare and Family Services’** (HFS) and the **Department of Human Services’** (DHS) actions to address prior audit findings. Our audit found:

- In FY11, 97,030 children were enrolled in the EXPANDED ALL KIDS program.
- Total claims paid in FY11 for the EXPANDED ALL KIDS enrollees were \$96.6 million.
- HFS received approximately \$10.8 million in premiums from enrollees, thus making the net cost of the ALL KIDS expansion approximately \$85.7 million. The children added as a part of the expansion are not eligible for federal reimbursement and thus are funded entirely by the State.
- FY11 ALL KIDS claim data included 414 individuals who received 2,543 services totaling \$126,092 after the month of their 19th birthday when their eligibility had ended. Additionally, the data also included 315 individuals who appeared to be enrolled with more than one identification number.
- Our FY11 review indicated a continued problem with HFS incorrectly categorizing documented immigrants as undocumented in its data. As a result, HFS did not submit and receive federal matching funds for these misclassified documented immigrants.
- While HFS and DHS took action to address the 14 recommendations, many of these actions did not occur within this audit period (FY11). We determined that 3 recommendations were implemented, 1 was partially implemented, and 10 were repeated. For six of the recommendations that were repeated, the action taken by HFS or DHS did not occur until after the FY11 audit period.

Due to the limited time for HFS and DHS to implement prior audit recommendations before the next audit begins, the General Assembly may wish to consider reducing the frequency of the EXPANDED ALL KIDS audit period from annually to at least once every three years or on a more frequent basis if determined necessary by the Auditor General.

PERFORMANCE AUDITS COMPLETED IN 2012 (CONT.)

2012 ANNUAL REVIEW OF INFORMATION SUBMITTED BY THE RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

The Illinois State Auditing Act requires the **Retirement Plan for Chicago Transit Authority Employees** (Retirement Plan) to submit its most recent audit, annual statement, and actuarial statement to the Office of the Auditor General (OAG) by September 30 of each year. These documents were submitted by the Retirement Plan on September 28, 2012. The OAG reviewed these documents and concluded that the Retirement Plan had complied with the requirements established in the Auditing Act.

The Illinois Pension Code (40 ILCS 5/22-101(e)(3)) requires the Retirement Plan determine, based on a report prepared by an enrolled actuary, the estimated funded ratio of the total assets of the Retirement Plan to its total actuarially determined liabilities. The Retirement Plan is also required to determine the contribution rates needed to meet the funding requirements established by the Pension Code. The Auditor General is then required to review the Retirement Plan's determination and assumptions to determine whether they are "unreasonable in the aggregate." This report does not constitute an audit as that term is defined in generally accepted government auditing standards.

- The OAG reviewed the Retirement Plan's assumptions in the January 1, 2012 Actuarial Valuation and concluded they were not unreasonable in the aggregate.
 - As in our prior Annual Reviews, we continue to conclude that the investment return assumption used by the Plan is an optimistic assumption. According to the Plan, its actuary conducted an analysis and concluded that the 8.50 percent investment rate of return falls within the 25th to 75th percentile of expected returns and is thus compliant with Actuarial Standard of Practice No. 27. However, the 8.50 percent return is at the upper range of investment returns for comparable plans. The Plan indicated that the investment return assumption will be reviewed

in its next experience study, scheduled for 2013.

- In September 2012, the Retirement Plan increased the employer and employee contribution rates for 2013 as delineated in the January 1, 2012 Actuarial Valuation: the employer rate increased from 11.3 to 14.250 percent (which is net of the employer debt service credit of 6% of pay); and the employee rate increased from 8.65 to 10.125 percent. The January 1, 2012 Actuarial Valuation noted that contribution increases were necessary to have the Plan's funded ratio at the statutorily required 60 percent level within 10 years of 2012 (i.e., by 2022) and all subsequent years through 2039.
- The funded ratio of the Retirement Plan declined from 70.1 percent as of January 1, 2011 to 59.2 percent as of January 1, 2012. The actuarial value of assets was \$1.662 billion at January 1, 2012 and the actuarial accrued liability was \$2.808 billion.

2012 ANNUAL REVIEW OF INFORMATION SUBMITTED BY THE CHICAGO TRANSIT AUTHORITY'S RETIREE HEALTH CARE TRUST

The **Board of Trustees of the Chicago Transit Authority Retiree Health Care Trust** is required by the Illinois Pension Code to submit a report to the Office of the Auditor General (OAG). The report is intended to annually assess the funding level of the Retiree Health Care Trust.

The Illinois State Auditing Act (Section 5/3-2.3(f)) requires the OAG to examine the information on the funding level of the Retiree Health Care Trust submitted pursuant to Section 22-101B(b)(3)(iii) of the Illinois Pension Code.

The OAG is required to review the Retiree Health Care Trust's assumptions to ensure they are not unreasonable in the aggregate. Our review was limited to the specific conclusions required by the Pension Code. This report does not constitute an audit as that term is defined in generally accepted government auditing standards.

PERFORMANCE AUDITS COMPLETED IN 2012 (CONT.)

- The Retiree Health Care Trust submitted its Funding Valuation Report as of January 1, 2012 to the Office of the Auditor General on October 2, 2012.
 - The Report concluded that the actuarial present value of projected contributions, trust income, and assets, in excess of the statutory reserve, exceeded the actuarial present value of the projected benefits. Consequently, no change in benefits or contributions was required.
 - We examined the assumptions in the Retiree Health Care Trust's Funding Valuation Report and found that they were not unreasonable in the aggregate.
- and employee insurance expenses. Based on our review of documentation provided by the Village of Robbins, we concluded that Robbins' calendar year 2011 expenditures of MEDF receipts appeared to be consistent with Public Utilities Act requirements.
- Robbins officials had not yet calculated and transferred the interest earned on a \$1.6 million Department of Commerce and Economic Opportunity grant deposited into the Village's MEDF account in April 2007. Additionally, Robbins officials transferred \$20,000 from the MEDF account into another interest-bearing Village account in December 2011. The Public Utilities Act requires that MEDF monies be held in a "separate account."

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 (MEDF). 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 thirteenth audit conducted under this requirement. This audit covers distributions from the Fund during calendar year 2011. The **Village of Robbins** was the only entity to receive distributions from the Fund. The audit concluded that:

- In 2011, Robbins received \$295,504.62 in disbursements from the Fund.
- Robbins used these monies for Village payroll

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 monies in the care, custody, or control of the regional superintendent of schools of each educational service region in the State. A total of 47 Fiscal Year 2011 audits were conducted: 44 of Regional Offices of Education (ROEs) and 3 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. The ROE audits released in 2012 contained a total of 102 recommendations for improvement. Many of the recommendations dealt with the Regional Offices not having sufficient internal controls over their financial reporting processes or not recognizing a liability for postemployment benefits other than pensions in their Statement of Net Assets and the Statement of Activities.



PERFORMANCE AUDITS IN PROGRESS

MANAGEMENT POSITIONS IN THE EXECUTIVE BRANCH

Legislative Audit Commission Resolution Number 141 directs the Auditor General to conduct a management audit of management positions in the Executive Branch of State government, excluding public universities. Specifically, the audit is required to include an analysis, based on information provided by the various agencies, of:

- The number of management positions, by organizational unit, job title and function;
- The number of positions supervised or managed by each management position and whether any of those employees are supervised or managed by more than one management position; and
- For each management position, whether it is exempt from the Personnel Code, exempt from Rutan, or covered by a collective bargaining agreement.

The audit is also to include a determination of whether the Department of Central Management Services has performed any analysis to determine appropriate management to staff ratios or span of control, and whether it has conducted any reviews, or has other controls in place, to ensure that management positions do not unnecessarily overlap or duplicate other management positions.

PERFORMANCE AUDIT OF THE COVERING ALL KIDS HEALTH INSURANCE PROGRAM

The Covering ALL KIDS Health Insurance Act was revised by Public Act 95-985 to require that the Auditor General annually perform an audit of the Covering ALL KIDS Health Insurance Program (215 ILCS 170/63). The audit is to include payments for health services covered by the Covering ALL KIDS Health Insurance Program and contracts entered into by the Department in relation to the Program.

MANAGEMENT AUDIT OF PUBLIC UNIVERSITIES

Legislative Audit Commission Resolution Number 143 directs the Auditor General to conduct a management audit of the State's nine public universities. The audit is to include the following:

- A comparison of the management structure at each public university and related costs;
- A breakdown and comparison of operating expenses by function, including instruction, at each public university;
- A comparison of administrative to faculty salaries, for each public university, and including an analysis of terms and benefits provided in contracts between the universities and administrators; and
- A summary, review and comparison of selected administrative expenditures at each public university.

ROAD FUND

Senate Resolution Number 788 requires the Office of the Auditor General to conduct a management audit of monies deposited into the Road Fund and the subsequent use of those moneys. The audit is to include the following determinations:

- An examination of the sources of funding for the Road Fund in Fiscal Year 2012, and a determination of whether the funding sources have significantly changed over the past 10 years;
- An examination of the uses of the Road Fund in Fiscal Year 2012. The analysis should include the amount of funds used for direct road construction costs (including local and State road construction projects), health care and workers compensation costs, and other costs. To the extent possible, the audit shall include a historical review of the uses of the Road Fund and any significant changes that have occurred over the past 10 years; and
- A determination whether State Employee Group Health Insurance charges paid from the Road Fund were reasonable and in line with the charges paid from the General Revenue Fund.

PERFORMANCE AUDITS IN PROGRESS (CONT.)

CMS SPACE UTILIZATION

House Resolution Number 788 directs the Auditor General to conduct a management audit of the Department of Central Management Services' administration of the State's space utilization program. Specifically, the resolution asks the Auditor General to determine:

- Whether procedures are in place to adequately identify excess and surplus real property;
- Whether such procedures ensure that excess and surplus real property is reasonably considered in fulfilling State agencies' property needs; and
- Whether the process of disposing of surplus real property is adequate and timely.

ILLINOIS INTERNATIONAL PORT DISTRICT

House Resolution No. 1088 directs the Auditor General to conduct a management audit of the Illinois International Port District. The resolution requires the Auditor General to examine the operations and management of the District.

NEIGHBORHOOD RECOVERY INITIATIVE

House Resolution 1110 directs the Auditor General to conduct a performance audit of the State monies provided by or through the Illinois Violence Prevention Authority (Authority) to the Neighborhood Recovery Initiative (Initiative) under contracts or grant agreements in Fiscal Year 2011 and in Fiscal Year 2012. The audit is to determine:

- The purposes for which State monies were provided to the Authority for the Neighborhood Recovery Initiative;
- The relationship between the Safety Net Works program and the Initiative;
- The nature and extent of monitoring by the Authority of how the Initiative used the State-provided monies and whether certain residential

communities of similar crime rates were excluded;

- The actual use of the State monies by the Authority, including the identity of any sub-recipients and the amounts and purposes for employment;
- The number of positions paid through the Initiative by organizational unit, job title, function, and salary, and whether employees completed and filled out appropriate timesheets;
- The number of positions supervised or managed by each management position and whether any of those employees are supervised or managed by more than one management position;
- Whether, through a review of available documentation, the Initiative has met or is meeting the purposes for which the State monies were provided, with specific information concerning the Initiative staffing levels, hiring procedures, and its compensation of employees; and,
- Whether the Initiative is in compliance with the applicable laws, regulations, contracts, and grant agreements pertaining to the Initiative's receipt of State monies.

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.

REVIEW OF INFORMATION SUBMITTED BY THE RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Pursuant to Public Act 95-708, the Auditor General is to annually examine required submissions made by the Retirement Plan for Chicago Transit

PERFORMANCE AUDITS IN PROGRESS

Authority Employees. We are to examine whether the information submitted complies with the requirement of the Act and submit a report of the analysis thereof to the General Assembly.

REVIEW OF INFORMATION SUBMITTED BY THE CHICAGO TRANSIT AUTHORITY'S RETIREE HEALTH CARE TRUST

Pursuant to Public Act 95-708, the Auditor General is to annually examine required submissions made by the Chicago Transit Authority's Retiree Health Care Trust. We are to examine whether the information submitted complies with the requirement of the Act 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 monies in the care, custody, or control of the regional superintendent of schools of each educational service region in the State. For fiscal year 2013, a total of 47 audits are to be performed.



THE INFORMATION SYSTEMS AUDIT PROGRAM

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

TESTING CONTROLS AND SYSTEMS

The Auditor General's office plans to continue to emphasize the review of information system controls at State agencies. In 2012, we reviewed the following agencies:

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, Governor's Office of Management and Budget, Illinois Commerce Commission, Illinois Emergency Management Agency, Illinois Finance Authority, Illinois State Toll Highway Authority, Illinois State University, Northeastern Illinois University, Northern Illinois University, Office of the Comptroller, Office of the Secretary of State, Southern Illinois University, State Board of Elections, State Employees' Retirement System, State Universities Retirement System, and Teachers' Retirement System.

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, the Auditor General has emphasized the review of networks and the 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 103 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.

We reviewed the suitability of the design and operating effectiveness of controls to meet the criteria for the security, availability, and processing integrity principles set forth in TSP Section 100, *Trust Services Principles, Criteria, and Illustrations for Security, Availability, and Processing Integrity (AICPA, Technical Practice Aids)*.

We found controls over providing reasonable assurance that only authorized, tested, and documented changes are made to the common systems (Accounting Information System, Central Inventory System, Central Payroll System and the Central Time and Attendance System) were not suitably designed. We also found that controls over verifying the identity of an individual prior to resetting their password had not been effectively implemented. Additionally, controls over the monitoring of non-compliance with security policies were not operating effectively. No other significant issues were identified; however, several control deficiencies were identified and appeared in the body of the report. ❖

INFO. SYSTEMS



Seven agencies – **The Department of Agriculture, Department of Healthcare and Family Services, Department of Human Services, Department of Public Health, Illinois Criminal Justice Information Authority, Northern Illinois University, and State Employees’ Retirement System** – 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.

Eight agencies – **Chicago State University, Department of Employment Security, Department of Healthcare and Family Services, Department of Human Services, Illinois State Toll Highway Authority, Illinois State University, Office of the Secretary of State, and University of Illinois** – had not established adequate controls for securing its computer resources. We recommended that these agencies evaluate their computer environments and ensure adequate security controls and policies exist to safeguard computer resources.

Five agencies – **The Department of Human Services, Illinois Commerce Commission, Illinois State University, Northern Illinois University, and Office of the Secretary of State** – had not ensured the adequate security or disposal of confidential information. Confidential and personal identifiable information collected and maintained by agencies should be adequately secured at all times. As such, it is an agency’s responsibility to ensure adequate procedures for safeguarding all confidential information have been established, effectively communicated to all personnel, and continually enforced. Inherent within this responsibility is the requirement of adequate disposition of all confidential information that is no longer needed. Failure to establish adequate procedures to protect and timely dispose of confidential information and to enforce compliance with established procedures can lead to such information being compromised. We recommended that these agencies assess their procedures for safeguarding and subsequent disposal

of all confidential information. Procedures for properly disposing confidential information should be established, effectively communicated, and continually enforced.

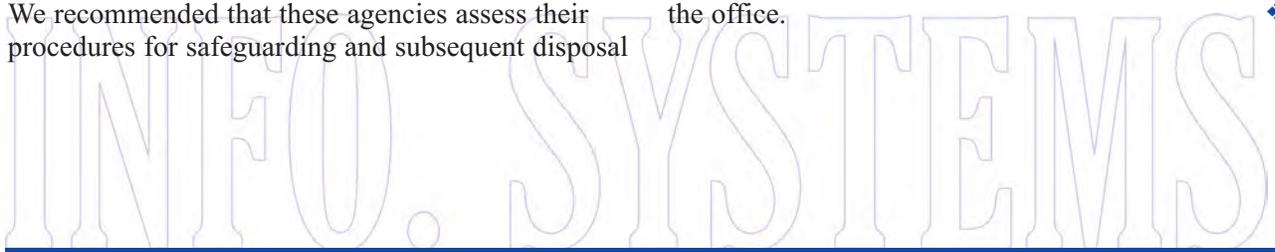
Two agencies – **Office of the Secretary of State and State Employees’ Retirement System** – had weaknesses in the development and review of information systems. System development standards were not followed or required internal audit reviews were not conducted. We recommended that these agencies adhere to system development standards and procedures and ensure internal audit performs its required reviews of major system developments.

The Department of Central Management Services had security weaknesses in its mid-range computing environment. 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 the security and control of midrange computer systems. We recommended the Department ensure standards to secure and control are implemented across the midrange environment.

The Department of Central Management Services did not have a mechanism in place to track the number of software licenses purchased versus the number of copies deployed. After audits by vendors, it was determined that the Department owed \$179,728 for software licenses already in use. We recommended the Department develop and implement an effective mechanism to routinely track, control, and monitor end-user 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. ❖



OTHER OFFICE RESPONSIBILITIES

TAXPAYER ACCOUNTABILITY REPORTS

The Taxpayer Accountability and Budget Stabilization Act (P.A. 96-1496), which was effective January 2011, increased the income tax rates imposed on individuals, trusts, estates, and corporations. The Act also established State spending limitations for Fiscal Years 2012 through 2015, and provided for a reduction in tax rates should those limitations be exceeded. Among its provisions, the Act requires the Auditor General to examine each Public Act authorizing State spending from State general funds and prepare a report indicating:

- i. The amount of State spending set forth in the applicable Public Act;
- ii. The total amount of State spending authorized by law for the applicable fiscal year as of the date of the report; and
- iii. Whether State spending exceeds the State spending limitation.

In the event that the Auditor General determines that State spending has exceeded the State spending limitation in any given fiscal year, the Act provides certain mechanisms and timeframes by which State spending may be reduced to a level that does not exceed the State spending limitation, including by passage of a bill or bills or designation of reserves. Under these circumstances, the Auditor General is required to issue a supplemental report summarizing the actions taken by the General Assembly and Governor, indicating whether the level of State spending has changed since the initial report, and indicating whether State spending still exceeds the State spending limitation. If State spending still exceeds the State spending limitation, then the income tax rates will be reduced as provided by Section 201.5 of the Illinois Income Tax Act.

The Auditor General's Office reviews new Public Acts as they are filed with our Office by the Secretary of State. We also review fund transfer notifications provided by the State Comptroller's Office. The purpose of our reviews is to identify all appropriations, supplemental appropriations, continuing appropriations and statutory transfers

constituting "State spending" from "State general funds" (as those terms are defined in P.A. 96-1496) and to issue a report within 30 days as required by the Act.

We issued a total of 17 reports covering Fiscal Year 2012 spending. The State Spending cap in FY12 was \$36,818,000,000. Cumulative "state spending" from "general funds" for FY 2012 was \$34,529,855,320.82 and the balance of the FY 2012 State Spending cap remaining was \$2,288,144,679.18.

The State Spending cap in FY13 is \$37,554,000,000. Through December 2012, we have issued seven reports for Fiscal Year 2013. At that date, cumulative "state spending" for Fiscal Year 2013 was \$31,408,066,913.51 and the balance of the Fiscal Year 2013 State Spending cap remaining was \$6,145,933,086.49.

SMALL BUSINESS CONTRACTS ACT FISCAL YEAR 2012 ANNUAL REPORT

Public Act 97-307 created the Small Business Contract Act, effective August 11, 2011. The Act requires every State agency to establish as a goal "not less than 10% of the total dollar amount of state contracts" for award to small businesses. In addition to developing an annual compliance plan and filing a mid-year report, the Act requires each Chief Procurement Officer to file an annual report by March 1 of each year detailing the agency's level of achievement towards the goals specified in the Act over the three most recent fiscal years. Since the Act has only been in effect for one complete fiscal year (FY12), this first annual report concerns only FY12 goals and results.

FY12 actual expenditures as of 9/1/12 were \$25,146,145. After subtracting out personal services and fringe benefits (which are not subject to competitive procurement), remaining FY12 expenditures were \$18,553,727. Applying the 10% small business contracting goal, our FY12 end-of-year goal was \$1,855,373.

Actual expenditures for certified small businesses

OTHER OFFICE RESPONSIBILITIES (CONT.)

during FY12 (for the period 7/1/11 through 8/31/12) totaled \$2,765,046.05 or 15% of non-salary expenditures. This amount involved 31 contracts/purchase orders with 9 different vendors. For those purchases with contracts, the average contract amount was \$106,236. Overall, agency spending with registered small businesses in FY12 was 149% of our goal.

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. Copies of this audit advisory are available on our website at: www.auditor.illinois.gov.

COMPTROLLER'S ACCOUNTING SYSTEM REVIEW

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.

STATE ACTUARY

Public Act 97-694, effective June 18, 2012, directed the Auditor General to "contract with or hire an actuary to serve as the State Actuary." Among other duties, the State Actuary is required to "review assumptions and valuations prepared by actuaries retained by the boards of trustees of the State-funded retirement systems" and "issue preliminary reports...

concerning proposed certifications of required State contributions submitted to the State Actuary by those boards." [30 ILCS 5/2-8.1 (a) and (b)]

Through a competitive proposal process, the Auditor General awarded a contract in August 2012 to Cheiron, a full-service actuarial and consulting firm. Cheiron issued its preliminary reports to the five public retirement systems in December 2012. In those reports, Cheiron concluded that the actuarial assumptions used by each of the systems were reasonable. Cheiron made certain recommended additional disclosures for the 2012 actuarial valuations, as well as recommended changes for future actuarial valuations, that are outlined in its preliminary reports.

As required by statute, the Auditor General submitted a written report to the General Assembly and Governor on December 31, 2012, documenting the initial assumptions and valuations prepared by the actuaries retained by the boards of trustees of the State-funded retirement systems, the State Actuary's preliminary reports, and the responses of each board to the State Actuary's recommendations. The report is available in its entirety on our website at www.auditor.illinois.gov.

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 September 2011 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 1993, 1996, 1999, 2002, 2005, and 2008 likewise resulted in unqualified opinions. Our next peer review is slated for 2014.

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.). OAG policies on confidentiality were strengthened and reinforced during the year for both employees and contractors. No known breaches of security of system data or written materials containing personal information under the Act occurred during calendar year 2012.

OAG FRAUD HOTLINE

The Auditor General's Office is required by law [30 ILCS 5/2-15, added by P.A. 97-261, effective August 5, 2011] to operate a toll-free fraud hotline for the public to report allegations of fraud in the executive branch of State government. The hotline went into operation at the beginning of January 2012.

The toll free number is 1-855-217-1895. The hotline is available 24 hours a day, 7 days a week. Live operators are generally available Monday-Friday from 8:30 a.m. to 4:30 p.m. (CCST).

In addition to calling the toll-free number, other options have been established for the public to report allegations of fraud. The public may also:

- Complete the Fraud Reporting Form on-line located on the OAG web-site (www.auditor.illinois.gov);
- E-mail a description of the allegation to: OAGHotline@mail.state.il.us;
- Contact the Auditor General via telecommunications device for the disabled (TTY) at 1-888-261-2887; or

- Send a written report via the U.S. Postal Service to the following address:
Fraud Hotline, Auditor General's Office,
740 E. Ash St., Springfield, IL 62703.

Individuals reporting alleged fraud to the hotline may remain anonymous. However, if the individual chooses not to be identified, the Office's ability to follow up on the allegation may be limited.

More information regarding the reporting of fraud allegations can be found at the Fraud Hotline section of the OAG web site. Jurisdiction of the Fraud Hotline does not include the legislative or judicial branches of government, nor units of local government. Other resources the public may use to report fraud if it is outside of the jurisdiction of the OAG can also be found on the website. If the Auditor General's Office does not have jurisdiction over the allegation, our hotline manager will try to direct the caller to another State, federal or local agency that may be able to help.

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, 2011, through December 31, 2012. 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

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, 2012. 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 2012 (July 1, 2011 to December 31, 2012, including lapse period).

<i>FY 2012 - FINAL</i>			
	<i>Appropriation</i>	<i>Expended</i>	<i>Balance</i>
GRF Operations:			
Personal Services	\$5,551,000	\$5,549,819	\$1,181
Social Security	\$409,500	\$408,973	\$527
Contractual Services	\$659,000	\$658,308	\$692
Commodities	\$10,400	\$6,235	\$4,165
Printing	\$12,000	\$7,212	\$4,788
Equipment	\$19,800	\$16,280	\$3,520
EDP	\$69,300	\$69,256	\$44
Telecommunications	\$71,000	\$70,219	\$781
Operation of Automotive Eqpt.	\$5,000	\$2,447	\$2,553
	<u>\$6,807,000</u>	<u>\$6,788,749</u>	<u>\$18,251</u>
GRF Operations Total			
	<u>\$6,807,000</u>	<u>\$6,788,749</u>	<u>\$18,251</u>
Audit Expense Fund:			
Audits/Studies/Invest.	<u>\$ 19,559,700</u>	<u>\$ 18,357,544</u>	<u>\$ 1,202,156</u>



FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS

FOR THE PERIOD(S) ENDING
JUNE 30, 2011, SEPTEMBER 30, 2011, AND DECEMBER 31, 2011.

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

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
Architect of the Capitol		X		12-21-11
Arts Council		X		03-06-12
Arts Council Foundation	X	X		03-06-12
Attorney Registration and Disciplinary Commission (12/31/11)	X	X		05-17-12
Board of Admissions to the Bar (9/30/11)	X	X		05-17-12
Board of Examiners		X		05-24-12
Board of Higher Education		X		05-24-12
Capital Development Board	X			03-06-12
Chicago State University	X	X	X	03-22-12
Civil Service Commission		X		11-29-11
Commission on Government Forecasting and Accountability		X		03-27-12
Comptroller - Fiscal Officer Responsibilities	X	X		04-26-12
Court of Claims		X		05-09-12
Criminal Justice Information Authority & IL Integrated - Justice Information System		X		03-06-12
DCMS - Deferred Compensation Plan - (12/31/11)	X			07-12-12
Deaf and Hard of Hearing Commission		X		12-21-11
Department of Agriculture		X		04-05-12
Department of Central Management Services	X	X		04-26-12
Department of Employment Security	X	X		02-28-12
Department of Healthcare and Family Services	X	X		05-02-12
Department of Healthcare and Family Services - Local Government Health Insurance Reserve Fund	X			05-02-12
Department of Healthcare and Family Services - Teacher Health Insurance Security Fund	X			05-02-12
Department of Healthcare and Family Services - Community College Health Insurance Security Fund	X			05-02-12
Department of Human Rights		X		02-28-12
Department of Human Services	X	X		07-19-12
Department of Labor		X		03-13-12
Department of Natural Resources (Capital Asset Account)	X			03-22-12
Department of Public Health		X		05-09-12
Department of Revenue	X			06-19-12
Department of Transportation	X			05-31-12
Drycleaner Environmental Response Trust Fund Council		X		06-19-12
DuQuoin State Fair (09/30/11)		X		05-17-12
Eastern Illinois University	X	X	X	03-08-12
Emergency Management Agency		X		04-17-12
Environmental Protection Agency (Water Revolving Fund)	X			03-06-12
Executive Ethics Commission		X		04-19-12
Executive Office of Inspector General		X		08-23-12
General Assembly - Senate		X		03-13-12
General Assembly - House		X		03-13-12

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS (CONT.)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
General Assembly Retirement System	X			02-21-12
General Assembly Retirement System		X		05-02-12
Governor's Office of Management and Budget		X		11-15-12
Governors State University	X	X	X	03-08-12
Guardianship and Advocacy Commission		X		03-06-12
Human Rights Commission		X		01-26-12
Illinois Commerce Commission		X		08-09-12
Illinois Commerce Commission - WETSA		X		08-09-12
Illinois Conservation Foundation	X	X		02-09-12
Illinois Educational Labor Relations Board		X		04-26-12
Illinois Finance Authority	X			03-22-12
Illinois Finance Authority		X	X	05-24-12
Illinois Gaming Board	X			03-20-12
Illinois Grain Insurance Corporation	X	X		03-27-12
Illinois Housing Development Authority	X			11-03-11
Illinois Housing Development Authority		X	X	03-08-12
Illinois Labor Relations Board		X		02-28-12
Illinois Math and Science Academy		X		02-28-12
Illinois Math and Science Academy Fund	X	X		01-11-12
Illinois Council on Developmental Disabilities		X		12-21-11
Illinois Power Agency	X	X		08-23-12
Illinois State Fair (09/30/11)		X		05-17-12
Illinois State University	X	X	X	03-20-12
Illinois Student Assistance Commission	X			04-24-12
Illinois Student Assistance Commission, IDAPP	X			04-24-12
Illinois Student Assistance Commission, Prepaid Tuition	X			04-24-12
Illinois Supreme Court		X		03-06-12
Judges' Retirement System	X			02-21-12
Judges' Retirement System		X		05-02-12
Kankakee River Valley Area Airport Authority	X	X		12-21-11
Legislative Audit Commission		X		03-06-12
Legislative Printing Unit		X		01-11-12
Legislative Reference Bureau		X		05-17-12
Legislative Research Unit		X		02-09-12
Literacy Foundation	X	X		04-05-12
Medical District Commission		X		01-26-12
Mid Illinois Medical District		X		07-19-12
Metro. Pier and Exposition Authority		X		05-24-12
Northeastern Illinois University	X	X	X	03-08-12
Northern Illinois University	X			03-08-12
Northern Illinois University		X	X	05-31-12
Office of the Governor		X		02-28-12
Office of the Lieutenant Governor		X		02-28-12
Secretary of State	X	X		06-19-12
Southern Illinois University	X	X	X	04-17-12
State Board of Education	X			06-07-12
State Board of Elections		X		03-27-12

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 Investment	X			01-05-12
State Board of Investment		X		02-09-12
State Employees' Retirement System	X			02-21-12
State Employees' Retirement System		X		05-02-12
State Universities Retirement System	X			01-11-12
State Universities Retirement System		X		02-09-12
Statewide Financial Audit	X			06-21-12
Statewide Single Audit - Federal Funds			X	07-10-12
Supreme Court Historic Preservation Commission		X		05-17-12
Teachers' Retirement System	X			01-11-12
Teachers' Retirement System		X		02-28-12
Teachers' Pension and Retirement System - Chicago		X		03-06-12
Toll Highway Authority (12/31/11)	X	X		09-06-12
Treasurer - College Savings Plan	X			03-20-12
Treasurer - Fiscal Officer Responsibilities	X	X		05-02-12
Treasurer - Illinois Funds	X			03-06-12
Treasurer - Non-Fiscal Officer		X		05-02-12
Universities Civil Service Commission		X		11-03-11
University of Illinois	X			01-05-12
University of Illinois		X	X	03-29-12
Upper River Valley Development Authority		X		07-10-12
Western Illinois University	X			02-21-12
Western Illinois University		X	X	03-27-12
Workers' Compensation Commission	X	X		02-28-12 ❖

REGIONAL OFFICE OF EDUCATION AND INTERMEDIATE SERVICE CENTER FINANCIAL AUDITS

FOR THE PERIOD ENDING JUNE 30, 2011

F = Financial Audits S = Single Audits

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>DATE RELEASED</i>
ROE #1: Adams, Pike Counties	x		01-11-12
ROE #2: Alexander, Johnson, Massac, Pulaski, Union Counties	x	x	06-19-12
ROE #3: Bond, Fayette, Effingham Counties	x	x	02-21-12
ROE #4: Boone, Winnebago Counties	x	x	05-31-12
ROE #8: Carroll, Jo Daviess, Stephenson Counties	x		06-07-12
ROE #9: Champaign, Ford Counties	x	x	04-17-12
ROE #10: Christian, Montgomery Counties	x		05-02-12
ROE #11: Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, Shelby Counties	x		05-09-12
ROE #12: Clay, Crawford, Jasper, Lawrence, Richland Counties	x		02-21-12
ROE #13: Clinton, Marion, Washington Counties	x		05-24-12
ROE #16: DeKalb County	x		07-19-12
ROE #17: Dewitt, Livingston, McLean Counties	x	x	05-17-12
ROE #20: Edwards, Gallatin, Hardin, Pope, Saline, Wabash, Wayne, White Cos.	x	x	02-09-12
ROE #21: Franklin, Williamson Counties	x	x	02-21-12
ROE #22: Fulton, Schuyler Counties	x		05-09-12
ROE #24: Grundy, Kendall Counties	x	x	02-21-12
ROE #25: Hamilton, Jefferson Counties	x		12-20-12
ROE #26: Hancock, McDonough Counties	x	x	05-17-12
ROE #27: Henderson, Mercer, Warren Counties	x		04-17-12
ROE #28: Bureau, Henry, Stark Counties	x	x	09-06-12
ROE #30: Jackson, Perry Counties	x		07-10-12
ROE #31: Kane County	x	x	07-10-12
ROE #32: Iroquois, Kankakee Counties	x	x	04-19-12
ROE #33: Knox County	x		04-19-12
ROE #34: Lake County	x	x	07-10-12
ROE #35: LaSalle County	x		03-08-12
ROE #38: Logan, Mason, Menard Counties	x		06-07-12
ROE #39: Macon, Piatt Counties	x		04-05-12
ROE #40: Calhoun, Greene, Jersey, Macoupin Counties	x		05-24-12
ROE #41: Madison County	x		06-19-12
ROE #43: Marshall, Putnam, Woodford Counties	x		05-02-12
ROE #44: McHenry County	x		06-19-12
ROE #45: Monroe, Randolph Counties	x	x	02-28-12
ROE #46: Brown, Cass, Morgan, Scott Counties	x		07-10-12
ROE #47: Lee, Ogle Counties	x	x	05-01-12
ROE #48: Peoria County	x	x	01-16-12
ROE #49: Rock Island County	x	x	09-06-12
ROE #50: St. Clair County	x	x	01-26-12
ROE #51: Sangamon County	x	x	02-28-12
ROE #53: Tazewell County	x		07-19-12
ROE #54: Vermilion County	x		02-21-12
ROE #55: Whiteside County	x		05-31-12
ROE #56: Will County	x	x	04-19-12
Intermediate Service Center #1: North Cook	x	x	04-05-12
Intermediate Service Center #2: West Cook	x	x	12-20-12
Intermediate Service Center #4: South Cook	x	x	04-17-12

PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS

AUDITS IN PROGRESS

<ul style="list-style-type: none"> • Management Positions in the Executive Branch • Road Fund • CMS Space Utilization • Illinois International Port District • Neighborhood Recovery Initiative • The Covering ALL KIDS Health Insurance Program • The State's Nine Public Universities • The Village of Robbins' Use of Municipal Economic Development Funds • Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees • Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust 	<p>11/11 Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees</p> <p>11/11 Department of Central Management Service's Operation of the State's Vehicle Fleet</p> <p>9/11 Management Audit of the State's Boards and Commissions</p> <p>4/11 Program Audit of the Covering ALL KIDS Health Insurance Program</p> <p>2/11 State's Financial Reporting System</p> <p>12/10 Village of Robbins' Use of Municipal Economic Development Fund</p> <p>12/10 Annual Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust</p> <p>12/10 Department of Human Services – Office of the Inspector General</p> <p>12/10 Annual Review of Information Submitted by the Chicago Transit Authority's Employee Retirement Plan</p> <p>6/10 Exemptions Granted by the Civil Service Commission</p> <p>5/10 Covering All Kids Health Insurance Program</p> <p>1/10 Village of Robbins' Use of Municipal Economic Development Fund</p> <p>12/09 Annual Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust</p> <p>12/09 Regional Transportation Authority Follow Up</p> <p>11/09 Annual Review of Information Submitted by the Chicago Transit Authority's Employee Retirement Plan</p> <p>9/09 Medical Assistance Program – Long Term Care Eligibility Determination</p> <p>7/09 Grant to the Loop Lab School</p> <p>6/09 Department of Central Management Services' 2008 Joint Procurements of Bulk Rock Salt</p> <p>5/09 Funding Provided by State Agencies to Heartland Human Services</p> <p>3/09 Illinois State Police's Division of Forensic Services</p> <p>3/09 Multi-Year Beverage Vending and Pouring Contract</p> <p>2/09 Coal Development Fund</p> <p>12/08 Annual Review of Information Submitted by the Chicago Transit Authority's Employee Retirement Plan and Retiree Health Care Trust</p>
<p>12/12 The Village of Robbins' Use of Municipal Economic Development Funds</p> <p>12/12 Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust</p> <p>11/12 Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees</p> <p>10/12 The Covering ALL KIDS Health Insurance Program</p> <p>5/12 College Illinois! Prepaid Tuition Program</p> <p>5/12 Department of Transportation's Implementation of Life-Cycle Cost Analysis</p> <p>4/12 The Workers' Compensation Program for State Employees</p> <p>4/12 Illinois State Police's Administration of the Firearm Owners Identification Card Act</p> <p>3/12 State's Procurement of Health Insurance Vendors</p> <p>3/12 The Village of Robbins' Use of Municipal Economic Development Funds</p> <p>1/12 Certain Financial and Business Processes of the University of Illinois Board of Trustees</p> <p>12/11 Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust</p>	

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

12/08	Department of Human Services Office of the Inspector General	5/05	The Illinois School District Liquid Asset Fund Plus
11/08	Village of Robbins' Use of Municipal Economic Development Funds	12/04	Department of Human Services' Office of the Inspector General
7/08	Review of Documents Related to the Proposed Sale of Bonds for the Chicago Transit Authority Retirement Plan and Retiree Health Care Trust	9/04	Rend Lake Conservancy District
5/08	The Department of Healthcare and Family Services' Prompt Payment Act Compliance and Medicaid Payment Process	9/04	Illinois Aquaculture Development Fund
2/08	Pilsen-Little Village Community Mental Health Center, Inc.	8/04	Village of Robbins' Use of Municipal Economic Development Funds
10/07	Inventory of State Programs	2/04	Department of Central Management Services' Administration of the State's Space Utilization Program
8/07	Funding Provided by or through the State of Illinois to the Chicago Project for Violence Prevention for the CeaseFire Program	12/03	Regulation of Grain Dealers and the Grain Insurance Fund
8/07	Payments to the Illinois Hispanic Chamber of Commerce by State Agencies	11/03	Grade Crossing Protection Fund
7/07	Village of Robbins' Use of Municipal Economic Development Funds	9/03	Village of Robbins' Use of Municipal Economic Development Funds
4/07	Rend Lake Conserv. District Follow-up Report	5/03	Illinois State Toll Highway Authority
3/07	Mass Transit Agencies of Northeastern Illinois: RTA, CTA, Metra, and Pace	4/03	Teachers Academy for Mathematics and Science
1/07	Department of Transportation's Aeronautics Operations	1/03	Group Workers Compensation Self-Insured Pools
12/06	Department of Human Services' Office of the Inspector General	12/02	DHS Office of the Inspector General
9/06	Flu Vaccine Procurement and I-SaveRx Program	8/02	Village of Robbins' Use of Municipal Economic Development funds
9/06	Village of Robbins' Use of Municipal Economic Development Funds	8/02	Department of Human Services' Early Intervention Program
8/06	Department of Financial and Professional Regulation's Disciplining of Physicians	7/02	Department of Public Aid's KidCare Program
6/06	Department of Central Management Services' Business Enterprise Program and Department of Transportation's Disadvantaged Business Enterprise Program	4/02	Department of Human Services Early Intervention Program Follow-up
3/06	Department of Transportation's Traffic Safety Programs	4/02	States Construction Contracting Methods
2/06	Department of Commerce and Economic Opportunity's Administration of Its Economic Development Programs	1/02	Agency Use of Internet User Technology
2/06	State Employee Travel - Modes of Transportation between Chicago and: Bloomington, Carbondale, Champaign-Urbana, Macomb, and Springfield	10/01	EPA's Vehicle Emissions Testing Program
7/05	Village of Robbins' Use of Municipal Economic Development Funds	9/01	Illinois Health Facilities Planning Board
		8/01	Board of Education and Other State Agencies Providing Funding to Regional Offices of Education
		6/01	Village of Robbins' Use of Municipal Economic Development Funds
		5/01	Tuition & Fee Waivers Follow-up
		12/00	DHS Office of the Inspector General
		6/00	Municipal Economic Development Fund Distributions: Village of Robbins
		3/00	Department of Public Aid: Child Support State Disbursement Unit
		11/99	Illinois Math & Science Academy
		9/99	Department of Public Aid's Contracts with Delta Dental

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

8/99	Pilsen-Little Village Community Mental Health Center	8/91	Higher Education “Systems of Systems”
7/99	Medicaid Home Health Care & Regulation of Home Health Agencies	7/91	Eastern Illinois University Coal Conversion Project
6/99	State Fire Marshal’s Fire Investigations	6/91	Special Analysis: Build Illinois
5/99	Illinois Health & Human Service Providers	5/91	Availability of Obstetric Care
12/98	DHS: Inspector General	5/91	Collection of Sales & Taxes Receivable
9/98	Comptroller’s Offset System	5/91	Property Forfeited Under the Illinois Controlled Substances Act
6/98	Nursing Home Prescreening	3/91	Illinois Competitive Access & Reimbursement Equity Program
5/98	IDOT’s Road Construction Program	3/91	Nutritional Services Paid by the Department of Children & Family Services
4/98	Tuition & Fee Waivers	2/91	Illinois Multi-Year Fixed Contractual Obligations
5/97	Professional Regulation – Physicians Regulated Under the Medical Practices Act	2/91	Administrative Citations: Environmental Protection Agency
12/96	DMHDD – Office of the Inspector General	10/90	Project Chance Evaluation Contract
6/96	IHSA – Site Selection for Boys Basketball Finals	10/90	Frequent Flyer Programs
4/96	DMHDD – Reporting of Resident Abuse & Neglect	8/90	Parents Too Soon Program
5/95	Summer Unemployment at State Universities	7/90	State University Tuition & Fee Policies & Practices
2/95	Laws Considered Obsolete	7/90	Debt Collection Practices of Illinois & Other States
1/95	Public Aid’s Child Support Program	5/90	DMHDD: Abuse & Neglect
12/94	Office of the Inspector General	4/90	Veterans’ Affairs Field Office Closures
6/94	Toll Highway: Helicopters	3/90	Illinois Competitive Access & Reimbursement Equity Program
6/94	DMHDD: Abuse & Neglect	1/90	Public Aid’s Delta Dental
5/94	Correctional Industries	12/89	Regional Transportation Authority
5/94	Central Management Services:Telecommunications	11/89	Illinois Sports Facilities Authority & the Chicago White Sox
3/94	Collection of Money from Circuit Clerks	11/89	Five State Retirement Systems’ Financial Status
1/94	State Housing Benefits	10/89	Feasibility of Consolidating State Revenue Bond Agencies
5/93	Public Aid: Property Transfers	7/89	Commerce & Community Affairs’ Economic Development Programs
4/93	Office of the Inspector General	5/89	EPA’s Hazardous Waste Mgmt. Program
4/93	Early Intervention Services System	4/89	Selected Auditor Comparability: Jobs & Pay
4/93	User Fees	2/89	AIDS Testing: Statutory Requirements & Costs
11/92	DMHDD: Abuse & Neglect	1/89	Public Univ. Instructional Costs
7/92	St. Anne’s Lease	1/89	Vehicle Emissions Testing Program
6/92	State Police I-SEARCH Program	10/88	U of I Athletic Association
5/92	Privatizing Weigh Stations	8/88	JTPA
4/92	Henry Horner’s Children’s Care	7/88	Audit Status of Circuit Courts
3/92	Governor’s Council on Health & Physical Fitness		
3/92	Case Management Practices		
1/92	State Legal Services		
11/91	State Regulation of Insurer Solvency		

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

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



