

**STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION**

**COMPLIANCE EXAMINATION**

For the Year Ended June 30, 2011

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**COMPLIANCE EXAMINATION**  
For the Year Ended June 30, 2011

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STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**COMPLIANCE EXAMINATION**  
For the Year Ended June 30, 2011

**AGENCY OFFICIALS**

Executive Director	Chad Fornoff
Deputy Executive Director (4/16/11 to present)	Whitney Wagner Rosen
Office Administrator	Jeris Gordley
General Counsel (4/1/11 to present)	Dominic J. Saebeler
General Counsel (4/16/10 to 4/16/11)	Whitney Wagner Rosen

Members of the Executive Ethics Commission as of June 30, 2011:

MaryNic U. Foster, Chair	Maria Kuzas
Gayl S. Pyatt, Vice Chair	Gil Soffer
James Faught, Secretary	Randal E. Thomas
James M. Brennan	Stephen Thurston
Shawn W. Denney	

Commission office is located at:

401 S. Spring Street  
513 Wm. Stratton Building  
Springfield, IL 62706



# EXECUTIVE ETHICS COMMISSION

STATE OF ILLINOIS

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## ILLINOIS STATE COMPLIANCE EXAMINATION

### MANAGEMENT ASSERTION LETTER

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

March 28, 2012

Dear Mr. Holland:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Executive Ethics Commission. We are responsible for and we have established and maintained an effective system of, internal controls over compliance requirements. We have performed an evaluation of the Executive Ethics Commission's compliance with the following assertions during the period ended June 30, 2011. Based on this evaluation, we assert that during the year ended June 30, 2011, the Executive Ethics Commission has materially complied with the assertions below.

- A. The Executive Ethics Commission has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Executive Ethics Commission has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Executive Ethics Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Executive Ethics Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.



STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**COMPLIANCE EXAMINATION**  
For the Year Ended June 30, 2011

**COMPLIANCE REPORT**

**SUMMARY**

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

**ACCOUNTANTS' REPORTS**

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

**SUMMARY OF FINDINGS**

<u>Number of Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	3	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
11-1	9	Inadequate controls over the reporting of State property	Significant Deficiency and Noncompliance
11-2	11	Failure to ensure emergency procurement affidavits were filed	Significant Deficiency and Noncompliance
11-3	13	Inadequate controls over voucher processing	Significant Deficiency and Noncompliance

## **PRIOR FINDINGS NOT REPEATED**

The Executive Ethics Commission did not have any prior year findings.

## **EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Commission personnel at an exit conference on March 22, 2012. Attending were:

### **Office of the Auditor General**

Courtney Dzierwa, Audit Manager  
Meredith Dean, Audit Supervisor  
Casey Quimby, State Auditor  
Joe Tibbs, State Auditor

### **Executive Ethics Commission**

Chad Fornoff, Executive Director  
Whitney Wagner Rosen, Deputy Executive Director  
Dominic Saebeler, General Counsel  
Nicole Krneta Rogers, Chief Fiscal Officer  
Jeris Gordley, Office Administrator  
Ben Bagby, Chief Procurement Officer - Higher Education  
Margaret van Dijk, Senior Policy Advisor - General Services

Responses to the recommendations were provided by Nicole Krneta Rogers in correspondence dated March 28, 2012.

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

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

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the State of Illinois, Executive Ethics Commission's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2011. The management of the State of Illinois, Executive Ethics Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Executive Ethics Commission's compliance based on our examination.

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

the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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

In our opinion, the State of Illinois, Executive Ethics Commission complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2011. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings 11-1, 11-2, and 11-3.

### **Internal Control**

Management of the State of Illinois, Executive Ethics Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Executive Ethics Commission's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Executive Ethics Commission's internal control over compliance.

*A deficiency in an entity's internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material

weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as findings 11-1, 11-2, and 11-3. A *significant deficiency in an entity's internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

#### **Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2011 Supplementary Information for State Compliance Purposes, except for Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2010 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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

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

March 28, 2012

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2011

11-1. **FINDING** (Inadequate controls over the reporting of State property)

The Executive Ethics Commission (Commission) did not exercise adequate control over the reporting of State property.

During testing, we noted the Quarterly Reports of State Property (C-15s) prepared by the Commission and submitted to the Office of the State Comptroller (Comptroller) did not agree to property control records maintained by the Commission. We noted differences in the amount of additions reported on the C-15s prepared by the Commission for Fiscal Year 2011 as follows:

<u>Quarter Ended</u>	<u>Additions per Commission Records</u>	<u>Additions as reported to Comptroller</u>	<u>Difference Over (Under) Reported</u>
9/30/2010	\$52,485	\$52,542	\$57
12/31/2010	24,447	26,000	1,553
3/31/2011	36,568	32,874	(3,694)
6/30/2011	33,696	36,478	2,782
Total amount over-reported on C-15s			\$698

Good internal controls require State agencies to prepare and maintain sufficient and properly designed accounting records to provide reliable data for necessary management reports. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to help ensure the safeguarding of assets, prevent improper expenditures, and ensure the accuracy and reliability of accounting data.

Commission personnel stated mathematical errors resulted in disparities between the Commission’s property control records and the C-15s.

Failure to exercise adequate control over State property reporting could result in inaccuracies in Statewide financial reporting. (Finding Code No. 11-1)

**RECOMMENDATION**

We recommend the Commission ensure all Quarterly Reports of State Property submitted to the State Comptroller’s Office trace to Commission records.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2011

**COMMISSION RESPONSE**

The Commission agrees with this recommendation. The Commission will ensure all Quarterly Reports of State Property submitted to the Office of the Comptroller trace to Commission records.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2011

11-2. **FINDING** (Failure to ensure emergency procurement affidavits were filed)

The Executive Ethics Commission (Commission) failed to ensure emergency procurement affidavits were filed as required by the Illinois Procurement Code. During testing we noted:

- Affidavits for 5 of 23 (22%) emergency procurements tested, totaling \$19,816,805, were not filed timely with the Procurement Policy Board (PPB). The affidavits in these instances were filed 2 to 80 days late.
- Affidavits for 6 of 23 (26%) emergency procurements tested, totaling \$2,134,140, were not filed timely with the Office of the Auditor General. The affidavits in these instances were filed 2 to 10 days late.
- Affidavits for 2 of 23 (9%) emergency procurements tested, totaling \$287,961, were not filed with the Office of the Auditor General at all.

The Illinois Procurement Code (30 ILCS 500/20-30(c)) requires the chief procurement officers making procurements under this section to file affidavits with the Procurement Policy Board and the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor involved, and the conditions and circumstances requiring the emergency procurement.

Commission personnel stated the affidavits were not filed or were not filed timely due to oversight.

Failure to timely file emergency procurement affidavits is noncompliance with the Illinois Procurement Code. (Finding Code No. 11-2)

**RECOMMENDATION**

We recommend that the Commission implement procedures to ensure all emergency procurement affidavits are filed timely with the PPB and the Office of the Auditor General.

**COMMISSION RESPONSE**

The finding relates to a function and responsibility solely within the control of the Chief Procurement Officers (CPOs) and the Commission refers this finding to them for their responses.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2011

*CPO for General Services Response:*

The CPO for General Services agrees to implement procedures to ensure purchasing agencies provide emergency affidavits timely to the CPO for filing with the PPB and the Auditor General.

*CPO for Higher Education Response:*

The CPO for Higher Education agrees to implement procedures to ensure emergency affidavits are timely filed with the PPB and the Auditor General.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2011

11-3. **FINDING** (Inadequate controls over voucher processing)

The Executive Ethics Commission (Commission) did not exercise adequate control over its voucher processing. We noted:

- Five of 63 (8%) vouchers tested, totaling \$54,313, did not result in accurate subsequent interest payments to vendors. We noted these vouchers were paid late, and interest penalty payments were made to vendors as required by the State Prompt Payment Act (Act) (30 ILCS 540/3-2). However, we noted the interest penalty payments were not calculated properly, and as a result, vendors were underpaid a total of \$323 for these 5 instances identified during our testing. The Act requires State agencies to begin calculating interest if payment was not issued to the vendor within 60 days of receipt of a proper bill.
- Three of 63 (5%) vouchers tested, totaling \$1,786, were not coded with the proper detail object code. Statewide Accounting Management System (SAMS) (Procedure 11.10.50) states the purpose of assigning a correct detail object code is to report expenditure information at more refined level with a common object.

Commission personnel stated the interest penalties were calculated improperly due to a misunderstanding of which date to use for the calculation. The auditors noted the Commission was using its internal voucher approval date in their calculation of interest penalty amounts owed, instead of the date the proper bill was received. Commission personnel also stated the incorrect detail object codes were used due to oversight.

Failure to accurately pay the required interest on vouchers is noncompliance with the State Prompt Payment Act. Inaccurate detail object codes reduce the overall control over expenditures. (Finding Code No. 11-3)

**RECOMMENDATION**

We recommend the Commission review its procedures for calculating required interest penalty payments to ensure proper dates are used. Further, the Commission should implement and maintain controls to ensure vouchers are coded with the correct SAMS detail object code.

**COMMISSION RESPONSE**

The Commission agrees with this recommendation. The Commission will update its procedures for calculating required interest penalty payments. The Commission will develop controls to ensure vouchers are coded with the correct SAMS detail object code.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2011

Prior Findings Not Repeated

There were no findings noted during the examination for the two years ended on June 30, 2010.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**COMPLIANCE EXAMINATION**  
For the Year Ended June 30, 2011

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

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

- Fiscal Schedules and Analysis:
  - Schedule of Appropriations, Expenditures and Lapsed Balances
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Schedule of Changes in State Property
  - Comparative Schedule of Cash Receipts
  - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Lapse Period Spending
  
- Analysis of Operations:
  - Agency Functions and Planning Program
  - Average Number of Employees
  - Service Efforts and Accomplishments (Not Examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30, 2011

P.A. 96-0956 & P.A. 96-0957	Appropriations (Net After Transfers)	Expenditures Through June 30	Approximate Lapse Period Expenditures July 1 to August 31	Approximate Total Expenditures 14 Months Ended August 31	Approximate Balances Lapsed August 31
FISCAL YEAR 2011					
General Revenue Fund - 001					
Lump Sum	\$ 8,271,000	\$ 4,275,271	\$ 121,565	\$ 4,396,836	\$ 3,874,164
Grand Total Fiscal Year 2011	<u>\$ 8,271,000</u>	<u>\$ 4,275,271</u>	<u>\$ 121,565</u>	<u>\$ 4,396,836</u>	<u>\$ 3,874,164</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Commission records and have been reconciled to records of the State Comptroller.  
Note 2: Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.  
Note 3: Approximate lapse period expenditures do not include interest payments approved for payment by the Commission and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES  
AND LAPSED BALANCES**

	Fiscal Year	
	2011	2010
General Revenue Fund - 001	P.A. 96-0956 & P.A. 96-0957	P.A. 96-0042
Appropriations (Net of Transfers)	\$ 8,271,000	\$ 1,334,200
<u>Expenditures</u>		
Lump Sum	\$ 4,396,836	\$ 440,726
Total Expenditures	\$ 4,396,836	\$ 440,726
Lapsed Balances	\$ 3,874,164	\$ 893,474

Note 1: FY10 amounts are final and include interest payments made after August.

Note 2: FY11 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Commission and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Year Ended June 30, 2011

	<u>Equipment*</u>
Balance at July 1, 2010	\$ 68,769
Additions	147,894
Deletions	-
Net Transfers	<u>-</u>
Balance at June 30, 2011	<u>\$ 216,663</u>

\*Note: The above schedule has been derived from property reports prepared by the Commission and submitted to the Office of the Comptroller. However, we noted differences between the Commission's property records and the property reports. See Finding 11-1 for further information.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**  
For the Fiscal Years Ended June 30,

General Revenue Fund - 001

	<u>2011</u>	<u>2010</u>
Freedom of Information Act copy fees	\$ 428	\$ -
Jury duty reimbursement and recoveries	16	-
Total receipts per Commission records	<u>\$ 444</u>	<u>\$ -</u>

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO  
DEPOSITS REMITTED TO THE STATE COMPTROLLER**  
For the Fiscal Years Ended June 30,

<u>General Revenue Fund - 001</u>	<u>2011</u>	<u>2010</u>
Receipts per Commission records	\$ 444	\$ -
Add: Deposits in transit, beginning of year	-	-
Less: Deposits in transit, end of year	<u>297</u>	<u>-</u>
Deposits Recorded by the Comptroller	<u><u>\$ 147</u></u>	<u><u>\$ -</u></u>

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2011

General Revenue Fund - 001	FISCAL YEAR	
	2011	2010
Personal Services	\$ 3,687,977	\$ 226,431
Employee Retirement Contributions		
Paid By Employer	9,666	7,671
State Contributions to Social Security	267,449	16,294
Contractual Services	145,487	30,008
Travel	41,933	18,667
Commodities	16,369	5,153
Printing	5,273	4,477
Equipment	161,268	121,106
Telecommunications	53,611	9,260
Electronic Data Processing	7,650	1,414
Gasoline, Oil, and Antifreeze	153	51
Interest - Prompt Payment	-	194
	<u>\$ 4,396,836</u>	<u>\$ 440,726</u>

Explanations of significant variations in expenditures (greater than 30%) for the year ended June 30, 2011 are presented below.

- A.** Personal services and State Contributions to Social Security expenditures increased due to the Commission expanding its workforce from an average of 2 employees during Fiscal Year 2010 to 55 during Fiscal Year 2011. Public Acts 96-555, 96-795, and 96-920 charged the Commission with additional duties regarding the review and monitoring of procurement practices in numerous State agencies, and the additional staff were needed to perform these duties.
- B.** Contractual services expenditures increased due to the need for office space in Chicago for new employees, as well as for legal services needed by the Commission during the examination period.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2011

- C.** Travel expenditures increased due to the hiring of new employees, and travel required of all employees related to training. Some of the Commission's employees are required to participate in continuing education training. These employees are stationed throughout Illinois, yet the training location is located centrally. The increased travel expenditures were incurred as the employees traveled to participate in training.
- D.** Commodities, equipment, telecommunications, and electronic data processing expenditures increased due to the hiring of new employees. The new employees needed general office supplies, equipment, and electronic data processing items to begin performing their duties. Further, the addition of these new employees resulted in increases in telecommunications bills received due to increased usage.
- E.** Gasoline, oil, and antifreeze expenditures increased due to the increase in travel by employees of the Commission. Employees have the option to rent a car to travel instead of using their personal vehicle, as long as renting a vehicle is the more cost efficient option. The Comptroller initially instructed the Commission to use two separate vouchers when an employee rented a car: one voucher for travel expenditures including rental charges, and a separate voucher for gasoline. Later in the examination period, the Comptroller changed their stance on this event and now require a single voucher where gasoline would be included in the travel expenditure. The increase in gasoline, oil, and antifreeze expenditures is due to the increase in travel by Commission employees before the Comptroller changed the procedures for filling out travel reimbursement vouchers.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Year Ended June 30, 2011

The Commission receives minimal receipts. During Fiscal Year 2011, the Commission received receipts for Freedom of Information Act requests and one receipt for jury duty reimbursement.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Year Ended June 30, 2011

	<u>FISCAL YEAR</u>	
General Revenue Fund - 001	<u>2011</u>	
Personal Services	\$	-
Employee Retirement Contributions		
Paid By Employer		-
State Contributions to Social Security		-
Contractual Services	36,712	<b>A</b>
Travel	3,398	
Commodities	2,750	
Printing	1,754	<b>B</b>
Equipment	68,263	<b>C</b>
Telecommunications	8,101	
Electronic Data Processing	587	
Gasoline, Oil, and Antifreeze		-
Interest - Prompt Payment		-
	<u>\$</u>	<u>121,565</u>

Explanations of significant lapse period spending (greater than 20% of total expenditures) for the year ended June 30, 2011 are presented below.

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- A.** Contractual services lapse period expenditures consisted of building materials purchased late in the fiscal year for ongoing construction and renovation work to make additional space available to the Commission in the Stratton Building. The invoices for the materials purchased were not received and processed until the lapse period.
- B.** Printing lapse period expenditures resulted primarily from printing expenditures invoiced by the Comptroller at the end of the fiscal year.
- C.** Equipment lapse period expenditures resulted from hiring new staff near the end of the fiscal year and the timing of when the new staff needed new equipment items. There were equipment purchases made at the end of the fiscal year that were not billed and approved for payment until the lapse period.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Year Ended June 30, 2011

**FUNCTIONS**

The Executive Ethics Commission (Commission) was originally created by the State Officials and Employees Ethics Act (Ethics Act) (5 ILCS 430/et seq.). The Commission consists of nine commissioners appointed by the five executive branch constitutional officers. The Governor appoints five of the nine commissioners, and the Attorney General, Secretary of State, Treasurer and Comptroller each appoint one.

The jurisdiction of the Commission extends to all officers and employees of State agencies other than the General Assembly, the Senate, the House of Representatives, the President and Minority Leader of the Senate, the Speaker and Minority Leader of the House of Representatives, the Senate Operations Commission, the legislative support services agencies, and the Office of the Auditor General.

The Ethics Act charges the Commission with the following duties:

- Promulgate rules governing the performance of Commission duties and governing the investigations of the Executive Inspectors General.
- Conduct administrative hearings on investigations brought before the Commission by an Executive Inspector General.
- Receive periodic reports from the Executive Inspectors General and the Attorney General regarding ongoing and completed investigations.
- Prepare and publish manuals and guides and oversee training of executive agency employees.
- Prepare public information materials to facilitate compliance, implementation, and enforcement of the Ethics Act.
- Make rulings, issue recommendations, and impose administrative fines on ethics cases brought before it.
- Issue subpoenas with respect to matters pending before the Commission.
- Appoint Special Executive Inspectors General to investigate Executive Inspectors General or to pursue investigations of executive agency ethical misconduct allegations that have failed to be resolved within six months.

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- Receive reports of ex parte communications that each agency and constitutional officer is required to file with the Commission.
- Liaise with Ethics Officers of various Executive Branch offices and agencies.

The Commission experienced significant changes in its enabling legislation effective during Fiscal Year 2011. The most notable change was invoked by Public Act 96-795, which charged the Commission with the following duties:

- Appointing and establishing the salaries of Chief Procurement Officers (CPOs) and Procurement Compliance Monitors (PCMs) to oversee and review procurements and the procurement process;
- Conducting administrative hearings on a complaint, or possible removal, of a Chief Internal Auditor, PCM, or State Purchasing Officer (SPO) brought before the Commission by a CPO or an Executive Officer of a State Agency; and
- Granting exemptions requested by the CPOs to remove named individuals from conflict of interest prohibitions.

Pursuant to Public Act 96-795, the Commission has appointed four CPOs as follows:

<u>CPO</u>	<u>Scope of Service</u>
Fred Hahn	Capital Development Board
Bill Grunloh	Illinois Department of Transportation
Ben Bagby	Higher Education
Matt Brown	General Services

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The CPOs' duties, as set forth in Public Act 96-795, are to:

- Receive guidance from the Executive Procurement Officer;
- Promulgate rules governing their procurement process in accordance with the Illinois Administrative Procedure Act and present to the Procurement Policy Board and the Executive Procurement Officer;
- Provide necessary information to the Procurement Policy Board for their conduct of the review, studies, and hearings concerning the implementation and administration of the Procurement Code;
- Provide the necessary information and resources to the Procurement Policy Board for the Illinois Procurement Bulletin;
- Notify the Procurement Policy Board of any conflict of interest within a procurement;
- Receive the Procurement Policy Board's recommendations concerning their procurements;
- Void violation contracts and contracts that are not in the best interest of the State;
- Conduct public hearings on emergency contracts;
- Determine if emergency contracts' scope and duration are limited to the emergency;
- File affidavits concerning an emergency contract with the Procurement Policy Board and the Auditor General;
- Appoint and administer an SPO for each agency the CPO is accountable for; and
- Conduct an SPO's duties or appoint a temporary SPO if a position is vacant.

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The SPOs appointed by the CPOs have the following duties:

- Exercise procurement authority at the direction of the CPO;
- Notify the Procurement Policy Board of any conflict of interest within a procurement; and
- Provide desired information to the Procurement Policy Board for their conduct of the review, studies, and hearings concerning the implementation and administration of the Illinois Procurement Code (30 ILCS 500).

The PCMs appointed by the Commission have the following duties:

- Receive guidance from a CPO;
- Review the assigned agency's procurements and procurement amendments to ensure that applicable procurement and contracting standards were followed;
- Advise the assigned agency of misconduct, waste, or inefficiency with respect to a procurement;
- Issue reports to the CPO on procurement issues; and
- Provide desired information to the Procurement Policy Board for their conduct of the review, studies, and hearings concerning the implementation and administration of the Illinois Procurement Code (30 ILCS 500).

**PLANNING PROGRAM**

The Commission is an investigative and monitoring body with its powers and duties detailed in the State Officials and Employees Ethics Act, the Illinois Procurement Code, and the Fiscal Control and Internal Auditing Act. As a result, the Commission does not have formal written goals and objectives, but instead operates to fulfill the statutory responsibilities in a timely and efficient manner.

The Commission's administrative rules help implement and communicate the responsibilities set forth in the State Officials and Employees Ethics Act.

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**AVERAGE NUMBER OF EMPLOYEES**  
For the Year Ended June 30, 2011

**AVERAGE NUMBER OF EMPLOYEES**

The following table, prepared from Commission records, presents the average number of employees by function, for the Fiscal Years ended June 30,

<b><u>Description</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>
Administration	5	2*
Procurement Compliance Monitoring	17	0
Capital Development Board	3	0*
Illinois Department of Transportation	3	0
General Services	23	0*
Higher Education	4	0*
Total average full-time employees	<u>55</u>	<u>2</u>

\*Note: During Fiscal Year 2010, a Legal Counsel position and three Chief Procurement Officer (CPO) positions were added to the Executive Ethics Commission. The Legal Counsel was established on April 16, 2010, one CPO position was created on May 16, 2010, and two CPO positions were created on June 1, 2010. However, the persons hired for the CPO positions were not confirmed by the Senate until Fiscal Year 2011.

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**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**  
For the Year Ended June 30, 2011

The Executive Ethics Commission (Commission) maintained a website for State employees and the general public. This website outlines information about the Commission and staff, publications, decisions reached by the Commission, statutes and rules governing the Commission, frequently asked questions, other ethics organizations, and quarterly reports. In addition, the website provides contact information for the Commission as well as information on contacting the Office of Executive Inspector General. The website also contains redacted reports from the Office of the Inspector General regarding certain allegations and investigations. The website describes the role of the Commission and the Chief Procurement Officers in the procurement process.

The Commission hosted their annual ethics officer conference on March 29, 2011 for Fiscal Year 2011, inviting ethics officers and general counsels from each agency under their jurisdiction to attend. Over 100 attendees participate in sessions on ethics-related topics, including ex parte communications, amendments within public acts, procurement issues, revolving door, whistle blowing and employee rights, gift ban and political activities, personnel issues and conflicts of interest, advanced ethics training, techniques and employee surveys, and roundtable discussions, including ethics officer best practices.