

**STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION**

For the Year Ended June 30, 2013

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION  
For The Year Ended June 30, 2013

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STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2013

**AGENCY OFFICIALS**

Executive Director	Chad Fornoff
Deputy Executive Director	Whitney Wagner Rosen
Office Administrator	Jeris Gordley
Chief Financial Officer	Tim R. Burch
Chief Internal Auditor	Craig P. Williams

**COMMISSION MEMBERS**

Commission Members serving during Fiscal Year 2013:

MaryNic Foster, Chair	(7/1/12 - 7/31/12)
Shawn Denney, Chair	(8/1/12 - Present)
Gayl Pyatt, Vice-Chair	(7/1/12 - 8/31/12)
Gil Soffer, Vice-Chair	(9/1/12 - Present)
James Faught, Secretary	(7/1/12 - Present)
Matthew Berns	(12/7/12 - Present)
Sunny Chico	(9/1/12 - Present)
Maria Kuzas	(7/1/12 - Present)
Spencer Leak	(9/1/12 - 2/22/13)
Howard Learner	(9/10/12 - Present)
James Nowlan	(8/1/12 - Present)

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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## STATE COMPLIANCE EXAMINATION

### MANAGEMENT ASSERTION LETTER

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

May 1, 2014

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 Illinois Executive Ethics Commission (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 Commission's compliance with the following assertions during the year ended June 30, 2013. Based on this evaluation, we assert that during the year ended June 30, 2013, the Commission has materially complied with the assertions below.

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

Yours very truly,

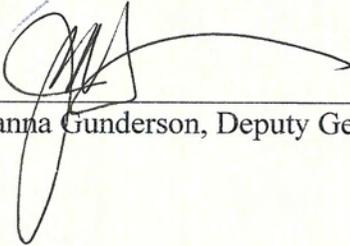
Executive Ethics Commission



Chad Fornoff, Executive Director



Tim Burch, Chief Financial Officer



Joanna Gunderson, Deputy General Counsel

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2013

**COMPLIANCE REPORT**

**SUMMARY**

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

**ACCOUNTANT’S REPORT**

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

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	Report	Report
Findings	2	3
Repeated Findings	2	2
Prior recommendations implemented or not repeated	1	1

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2013-001	9	Contract information not posted electronically	Significant Deficiency and Noncompliance
2013-002	10	Failure to ensure emergency procurement procedures were properly administered	Significant Deficiency and Noncompliance
PRIOR FINDINGS NOT REPEATED			
A	13	Inadequate controls over the reporting of State property	

## **EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Commission personnel at an exit conference on April 22, 2014. Attending were:

### **Executive Ethics Commission**

Chad Fornoff, Executive Director

Whitney Wagner Rosen, Deputy Executive Director/General Counsel

Ben Bagby, Chief Procurement Officer – Higher Education

Margaret Van Dijk, Senior Policy Advisor

Tim Burch, Chief Fiscal Officer

Craig Williams II, Chief Internal Auditor

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

Courtney Dzierwa, Audit Manager

Max Paller, Audit Supervisor

Ryan Goerres, Staff Auditor

Responses to the recommendations were provided by Craig Williams II in correspondence dated April 30, 2014.

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

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

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the State of Illinois, 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, 2013. 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.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, 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, 2013. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2013-001 and 2013-002.

### **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 to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Executive Ethics Commission's 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 internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a

deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2013-001 and 2013-002 that we considered to be significant deficiencies.

There were no immaterial findings that have been excluded from this report.

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 the 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 for the year ended June 30, 2013 in Schedules 1 through 8 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013 accompanying supplementary information in Schedules 1 through 8. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2012 accompanying supplementary information in Schedules 2 through 7 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and 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

Springfield, Illinois  
May 1, 2014

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2013

2013-001.     **FINDING**     (Contract information not posted electronically)

The General Services Chief Procurement Officer (CPO), under jurisdiction of the Executive Ethics Commission (Commission), failed to ensure that contract information was posted electronically as required by the Illinois Procurement Code (Code). We noted the notice of the awarded contract was not posted on the awarding agency's website for 18 of 40 (45%) contracts tested, totaling \$46,824,624.

The Code (30 ILCS 500/15-25(b-5)) requires notice of each and every contract that is awarded, including renegotiated contracts and change orders, to be posted on the agency's website the next business day and published in the next available subsequent bulletin.

The General Services CPO stated Section 15-25(b-5) of the Code provides notice of contract awards in three separate formats: 1) e-mail notification to all bidders, 2) posting the notice of award to the Illinois Procurement Bulletin, and 3) posting the notice of award to the agency website. The General Services CPO controls the first two methods of award notification; the agency controls the last method of posting to its agency website. CPO personnel have communicated the responsibility and requirement of posting the notice of award to the agency website on numerous occasions. However, agency personnel have not taken necessary steps to ensure the information is posted in all of the required places to comply with the Code.

Failure to provide notice to all relevant parties on the awarding agency's website is noncompliance with the Code. (Finding Code No. 2013-001, 12-2)

**RECOMMENDATION**

We recommend the General Services CPO implement procedures to ensure procurement procedures are properly administered for all contracts awarded.

**RESPONSE**

The General Services CPO agrees agencies should post the notice of award to their agency websites in compliance with the Code. The General Services CPO has notified agencies of this requirement of the Code on three separate occasions. The General Services CPO cannot force agencies to post the notice of award on agency websites, as the General Services CPO does not control agency websites.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2013

2013-002. **FINDING** (Failure to ensure emergency procurement procedures were properly administered)

The Chief Procurement Officers (CPOs), under jurisdiction of the Executive Ethics Commission (Commission), failed to ensure emergency procurement procedures were properly administered as required by the Illinois Procurement Code (Code). The Commission has jurisdiction over four CPOs who oversee procurement activities for Higher Education, Department of Transportation, Capital Development Board, and General Services. The duties and responsibilities of the CPOs are to independently oversee and review the procurement process. We noted the following during our review of emergency procurements handled by the CPOs of General Services, Higher Education, and the Capital Development Board during the examination period:

- Affidavits for 12 of 40 (30%) emergency procurements tested, totaling \$1,446,199, were not filed timely with the Office of the Auditor General. The affidavits in these instances were filed 1 to 79 days late.
- Affidavits for 3 of 40 (8%) emergency procurements tested, totaling \$237,243, were not filed timely with the Procurement Policy Board, and the related notices were not published to the online electronic Bulletin timely. The affidavits in these instances were filed 3 to 51 days late, and the notices in these instances were published 4 to 41 days late.
- Affidavits for 3 of 40 (8%) emergency procurements tested, totaling \$1,538,672, were not filed with the Office of the Auditor General at all.

The 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. The Code (30 ILCS 500/20-30(b)) states notices of all emergency procurements are to be provided to the Procurement Policy Board and published in the online electronic procurement bulletin no later than three business days after the contract is awarded.

- The actual cost for 3 of 40 (8%) emergency procurements tested, totaling \$127,282, was not filed with the Office of the Auditor General.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2013

The Code (30 ILCS 500/20-30(c)) states when only an estimate of the cost is available within 10 days after the procurement, the actual cost is to be reported immediately after it is determined.

- Notice of intent to extend an emergency contract for 1 of 40 (3%) emergency procurements tested, totaling \$61,572, was not published timely to the online electronic procurement bulletin before a public hearing. The notice in this instance was published 13 days late.

The Code (30 ILCS 500/20-30(b)) states notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing. The notice is to include a description of the need for the emergency purchase, the contractor, and if applicable, the date, time, and location of the public hearing.

The General Services CPO stated the errors noted and described above were due to oversight, mistakes, or misunderstandings of the filing requirements. The General Services CPO also stated in some instances, affidavits were mailed to the Office of the Auditor General (OAG) within 10 days but were not received by the OAG until after expiration of the 10 day filing requirement. The Higher Education CPO stated the instance noted above pertained to a situation involving supplies needed to address a medical emergency and stated the nature of the emergency led to the lack of compliance. The Capital Development Board CPO stated the instance noted above was due to an administrative oversight and a lack of communication between responsible parties.

Failure to timely file emergency procurement affidavits, failure to timely publish notices in the online electronic Bulletin, and failure to timely publish notices of intent to extend an emergency contract is noncompliance with the Code. In addition, failure to provide notice to all relevant parties in the online electronic procurement bulletin reduces the timely information available to vendors who wish to do business with the State of Illinois. (Finding Code No. 2013-002, 12-1, 11-1)

**RECOMMENDATION**

We recommend the Chief Procurement Officers implement procedures to ensure the emergency procurement process is properly administered in accordance with the Code.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2013

**RESPONSE**

This 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.

CPO – General Services response: The CPO of General Services has implemented procedures to ensure the emergency procurement process is administered in accordance with the Illinois Procurement Code. Procedures include the adoption of administrative rules which provide guidance to State Purchasing Officers and State agencies, as well as adoption of a State Purchasing Officer Determination Form to evidence the determination of contract award.

CPO – Higher Education response: The CPO of Higher Education stated the university involved did not inform the State Purchasing Officer (SPO) of the emergency purchase due to misunderstanding of the requirements at the Department level. When the lack of publication and the filing of the affidavit were discovered, we required that a notice be published and the affidavit filed, even though late. The particular emergency need was for transplant organs, and these require quick action to acquire and to do the transplant. The rushed atmosphere led to the lack of compliance. The university involved suggested entering into a master contract through another procurement process so as to avoid emergency procurements. The CPO of Higher Education has issued a policy to help university staff better understand and comply with requirements.

CPO – Capital Development Board response: The CPO of the Capital Development Board has implemented use of a form to document an emergency award, which must be signed by the CPO/SPO. This form will prevent a reoccurrence of this oversight.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**PRIOR FINDINGS NOT REPEATED**  
For the Year Ended June 30, 2013

A. **FINDING** (Inadequate controls over the reporting of State property)

During the previous examination, the Executive Ethics Commission (Commission) did not exercise adequate control over the reporting of State property. Specifically, the Quarterly Reports of State Property (C-15) prepared by the Commission and submitted to the State Comptroller (Comptroller) did not agree to property control records maintained by the Commission. As a result, additions to equipment inventories were under-reported by a total of \$15,173.

During the current examination, the C-15s prepared by the Commission and submitted to the Comptroller agreed to property control records maintained by the Commission. (Finding Code No. 12-3)

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**OAG MANAGEMENT AUDIT RECOMMENDATIONS UPDATE**  
For the Year Ended June 30, 2013

**Office of the Auditor General Management Audit Recommendations Update**

In March 2012, the Office of the Auditor General released a management audit of the State's Procurement of Health Insurance Vendors for the State's Group Health Insurance Program. The audit contained 15 recommendations directed at various State agencies, including the Executive Ethics Commission (Commission). As part of the compliance examination of the Commission for the period ended June 30, 2013, auditors followed up on the status of the recommendations directed to the Commission in the March 2012 report and reported the following:

Recommendation 1	Implemented
Recommendation 3	Implemented
Recommendation 4	Partially Implemented
Recommendation 5	Implemented
Recommendation 7	Partially Implemented
Recommendation 9	Implemented
Recommendation 10	Implemented
Recommendation 11	Implemented
Recommendation 12	Partially Implemented
Recommendation 13	Partially Implemented
Recommendation 15	Partially Implemented

**Recommendation 1: The Commission should ensure that any concerns it may have relative to all information being included in a request for proposals (RFP) are addressed prior to approving the RFP for publishing.**

**Implemented:** The Chief Procurement Officer for General Services has implemented forms and templates to assist in documenting the review and approval of RFP documents prior to publishing.

**Recommendation 3: The Commission should instruct its staff to review scoring evaluations to ensure that evaluators had complete information prior to giving approval for the award of State contracts.**

**Implemented:** The Chief Procurement Officer for General Services has updated its standard procurement rules to clarify the evaluation process (44 Ill. Adm. Code 1.2015(f)). In addition, the Chief Procurement Officer for General Services implemented a form to assist in documenting the review and approval of the procurement. Specifically, the form assists by ensuring the State Purchasing Officer's approval of procurement activities which includes scoring evaluations.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**OAG MANAGEMENT AUDIT RECOMMENDATIONS UPDATE, continued**  
For the Year Ended June 30, 2013

**Recommendation 4:** The Commission should require its staff, during the conduct of its procurement oversight, to determine whether team discussions, which are a recommended part of the evaluation procedures, are being utilized by the Department of Healthcare and Family Services to clarify questions or identify areas of clarification for evaluators.

**Partially Implemented:** While the Chief Procurement Officer for General Services has updated its standard procurement rules (44 Ill. Adm. Code 1.2015, 1.2036, 1.2040, and 1.2080), has implemented a form, and has conducted a number of team meetings and trainings with his staff, the documentation is general in nature and does not specifically address the issue noted in Recommendation #4.

**Recommendation 5:** The Commission should require its staff, during the conduct of its procurement oversight, to determine whether evaluation procedures were followed prior to approving an award of a State contract.

**Implemented:** The Chief Procurement Officer for General Services has implemented a form which assists in documenting the review and approval of the procurement. Specifically, the form assists by ensuring the State Purchasing Officer's approval of procurement activities which includes evaluation procedures, prior to the publication of the contract award.

**Recommendation 7:** The Commission should require its staff to review whether policies and procedures regarding scoring were followed before approving the award of State procurements.

**Partially Implemented:** While the Chief Procurement Officer for General Services has updated its standard procurement rules (44 Ill. Adm. Code 1.2015), has implemented a form, and has conducted a number of team meetings and trainings with his staff, the documentation is general in nature and does not specifically address the issue noted in Recommendation #7.

**Recommendation 9:** The Commission should ensure that its State Purchasing Officers (SPO) comply with State guidance and approve written determinations of contract awards prior to the public announcements of the awards.

**Implemented:** The Chief Procurement Officer for General Services has required the use of the SPO Determination Form for all procurement transactions.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
OAG MANAGEMENT AUDIT RECOMMENDATIONS UPDATE, continued  
For the Year Ended June 30, 2013

**Recommendation 10:** The Commission should establish in its procurement rules a protest process where the protest officer is independent of, or at a minimum, not directly responsible for, the procurement being protested. Additionally, the Commission should either change its reporting relationship for procurement compliance monitors to comply with the Procurement Code or seek a change to the Code if it feels the monitors should report to a Commission official rather than the Chief Procurement Officer.

**Implemented:** The Chief Procurement Officer for General Services has designated members of the Commission's legal staff as protest review officers. In addition, procurement compliance monitors now report to the Chief Procurement Officer.

**Recommendation 11:** The Commission should instruct its oversight staff to ensure that contracts are filed by agencies in a timely manner.

**Implemented:** The Chief Procurement Officer for General Services has updated its standard procurement rules to reflect current filing requirements (44 Ill. Adm. Code 1.2086). In addition, the State Purchasing Officers and Procurement Compliance Monitors have been reminded of this requirement on several occasions.

**Recommendation 12:** The Commission should develop policies and procedures to guide its staff in overseeing State procurements. These policies and procedures should address the review of scoring by Commission staff prior to reviewing and approving procurement awards.

**Partially Implemented:** The Chief Procurement Officer for General Services has developed standard procurement rules, and they are codified in the Illinois Administrative Code (44 Ill. Adm. Code Part 1). In addition, the Chief Procurement Officer for General Services has distributed a series of CPO notices and memos to his staff to guide them in overseeing State procurements. Revisions to administrative rules regarding the review of scoring by staff of the Chief Procurement Officer for General Services have been proposed and printed in the Illinois Register.

**Recommendation 13:** The Commission should ensure that if its staff questions whether requirements were satisfied, those questions should be answered and documented prior to approving the award of State health insurance contracts.

**Partially Implemented:** The Chief Procurement Officer for General Services has mandated the use of a State Purchasing Officer (SPO) Determination Form for each procurement transaction, the purpose of which is to clearly document agency recommendation and SPO approval of the solicitation evaluation results prior to publication of contract award.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**OAG MANAGEMENT AUDIT RECOMMENDATIONS UPDATE, continued**  
For the Year Ended June 30, 2013

**Recommendation 15: The Commission should, in instances where consultants have major roles in procurement activity, ensure its staff have an understanding of the work the consultant conducts prior to approving the award of State contracts.**

**Partially Implemented:** While the Chief Procurement Officer for General Services has conducted a number of team meetings and trainings with his staff, the documentation noted the topic of consultants' involvement in procurement activity was discussed in general terms. We did not note any documentation indicating the involvement of consultants in procurement activities was discussed in detail.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2013

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

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

- Fiscal Schedules and Analysis:
  - Schedule of Appropriations, Expenditures and Lapsed Balances – Fiscal Year 2013
  - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  - Schedule of Changes in State Property
  - Comparative Schedule of Cash Receipts
  - Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
  - Analysis of Significant Variations in Expenditures
  - Analysis of Significant Variations in Receipts
  - Analysis of Significant Lapse Period Spending
  
- Analysis of Operations (Not Examined):
  - Agency Functions and Planning Program (Not Examined)
  - Average Number of Employees (Not Examined)
  - Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013 accompanying supplementary information in Schedules 1 through 8. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

**Schedule 1**

**STATE OF ILLINOIS**  
**EXECUTIVE ETHICS COMMISSION**  
**SCHEDULE OF APPROPRIATIONS,**  
**EXPENDITURES AND LAPSED BALANCES**  
 Appropriations for Fiscal Year 2013

Fourteen Months Ended August 31, 2013

Public Act 97-0727	Appropriations (Net After Transfers)	Expenditures Through 6/30/13	Lapse Period Expenditures 7/01 - 8/31/13	Total Expenditures	Balances Lapsed
<b>GENERAL REVENUE FUND - 001</b>					
Lump Sum - Regular Operations	\$ 6,589,200	\$ 6,424,105	\$ 145,272	\$ 6,569,377	\$ 19,823
Total Fiscal Year 2013	<u>\$ 6,589,200</u>	<u>\$ 6,424,105</u>	<u>\$ 145,272</u>	<u>\$ 6,569,377</u>	<u>\$ 19,823</u>

Note 1: Appropriations, expenditures and lapsed balances were obtained from the Commission's records and have been reconciled to the State Comptroller records.

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

**Schedule 2**

STATE OF ILLINOIS  
 EXECUTIVE ETHICS COMMISSION  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
 EXPENDITURES AND LAPSED BALANCES**  
 For the Fiscal Years Ended June 30, 2013 and 2012

	Fiscal Year	
	2013	2012
	P.A. 97-0727	P.A. 97-0057 & P.A. 97-0685
<b>General Revenue Fund - 001</b>		
Appropriations (Net After Transfers)	\$ 6,589,200	\$ 7,112,300
Expenditures		
Lump Sum - Regular Operations	\$ 6,569,377	\$ 6,463,705
Medicaid Eligibility Consultant	-	100,000
Total Expenditures	\$ 6,569,377	\$ 6,563,705
Lapsed Balances	\$ 19,823	\$ 548,595

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Year Ended June 30, 2013

	<u>Equipment</u>
Balance at July 1, 2012	\$ 243,769
Additions	5,490
Deletions	-
Net Transfers	<u>(12,786)</u>
Balance at June 30, 2013	<u><u>\$ 236,473</u></u>

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

**Schedule 4**

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

General Revenue Fund - 001

	<u>2013</u>	<u>2012</u>
Administrative Fines	\$ 8,200	\$ -
Miscellaneous	<u>16,456</u>	<u>241</u>
Total receipts per Commission records	<u>\$ 24,656</u>	<u>\$ 241</u>

**Schedule 5**

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>2013</u>	<u>2012</u>
Receipts per Commission Records	\$ 24,656	\$ 241
Add: Deposits in transit, beginning of year	-	297
Less: Deposits in transit, end of year	-	-
Deposits Recorded by the Comptroller	<u>\$ 24,656</u>	<u>\$ 538</u>

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2013

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2013 AND 2012**

**General Revenue Fund - 001**

Medicaid Eligibility Consultant

The Commission received a supplemental appropriation during Fiscal Year 2012 for the purposes of hiring a Medicaid eligibility consultant to assist in the procurement of a third-party Medicaid eligibility administrator. The Commission did not receive any appropriations designated for this purpose during Fiscal Year 2013.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Year Ended June 30, 2013

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

**General Revenue Fund - 001**

Administrative Fines

Beginning March 31, 2013, the Commission took over responsibility for the collection of administrative fines assessed by the Commission pursuant to the State Officials and Employees Ethics Act (5 ILCS 430/50). Prior to March 31, 2013, the Attorney General held responsibility for the collection of administrative fines assessed by the Commission.

Miscellaneous

During Fiscal Year 2013, the Commission began collecting prohibited political contributions made in violation of the Illinois Procurement Code (30 ILCS 500/50-37).

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Year Ended June 30, 2013

**FISCAL YEAR 2013**

**General Revenue Fund - 001**

No significant lapse period spending was noted during Fiscal Year 2013.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)**  
For the Year Ended June 30, 2013

**AGENCY 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 Commission also has jurisdiction over all board members and employees of Regional Transit Boards and the Illinois Power Agency and its staff.

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;

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)**  
For the Year Ended June 30, 2013

- 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;
- 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;
- Appoint and establish the salaries of Chief Procurement Officers (CPOs) and Procurement Compliance Monitors (PCMs) to oversee and review procurements and the procurement process;
- Conduct 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;
- Grant exemptions requested by the CPOs to remove named individuals from conflict of interest prohibitions; and
- Responsible for oversight of the Illinois Power Agency and authority for the appointment of and removal, if necessary, of its Director.

**AGENCY PLANNING**

The Commission is an adjudicative 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. The Commission operates to fulfill the statutory responsibilities in a timely and efficient manner. The Commission documents its long-term and short-term goals in the Public Accountability Report (PAR) and the Budgeting for Results Report.

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

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**AVERAGE NUMBER OF EMPLOYEES (NOT EXAMINED)**  
For the Year Ended June 30, 2013

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

<u>Division</u>	<u>2013</u>	<u>2012</u>
Administration	13	11
Procurement Compliance Monitoring	14	18
Capital Development Board	5	4
Illinois Department of Transportation	4	3
General Services	32	31
Higher Education	10	9
Total average full-time employees	<u>78</u>	<u>76</u>

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**  
For the Year Ended June 30, 2013

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 5, 2013 for Fiscal Year 2013, inviting ethics officers and general counsels from each agency under their jurisdiction to attend. Over 100 attendees participated 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.

Statistical information regarding activities of Chief Procurement Officers and Procurement Compliance Monitors appears below:

<b><u>Chief Procurement Officers</u></b>	<b><u>Fiscal Year 2013</u></b>
Number of procurements procured	8,740
Total dollar value of procurements procured	\$19,317,200,000
<b><u>Procurement Compliance Monitors</u></b>	
Number of procurements reviewed	672
Total dollar value of procurements reviewed	\$2,423,800,000
Number of issues reviewed	186