

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

For the Year Ended June 30, 2016

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2016

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STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**COMPLIANCE EXAMINATION**  
For the Year Ended June 30, 2016

**COMMISSION OFFICIALS**

Executive Director:	Chad Fornoff
Deputy Executive Director:	Vacant (3/1/17 - Present) Whitney Wagner Rosen (7/1/15 - 2/28/17)
Office Manager:	Jeris Gordley
Chief Financial Officer:	Craig P. Williams II

**COMMISSION MEMBERS**

Commission Members as of June 30, 2016:

James Schink, Chair  
Maria Kuzas, Vice Chair  
James Faught, Secretary  
Walter Turner III  
Shawn Denney  
Chasity Boyce  
Teresa Bartels  
Ryan Ruskin

The Commission's office is located at:

401 South Spring Street  
513 William G. Stratton Building  
Springfield, Illinois 62706



## EXECUTIVE ETHICS COMMISSION

401 S. Spring Street  
513 William Stratton Building  
Springfield, Illinois 62706

### STATE OF ILLINOIS MANAGEMENT ASSERTION LETTER

Phone: (217) 558-1393  
Fax: (217) 558-1399  
Email: EEC.cms@illinois.gov

Honorable Frank J. Mautino  
Auditor General  
740 East Ash Street  
Springfield, IL 62703

April 3, 2017

Auditor General Mautino:

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 State of Illinois, 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 State of Illinois, Executive Ethics Commission's compliance with the following assertions during the year ended June 30, 2016. Based on this evaluation, we assert that during the year ended June 30, 2016, the State of Illinois, Executive Ethics Commission has materially complied with the assertions below.

- 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.

Yours truly,

State of Illinois, Executive Ethics Commission

**SIGNED ORIGINAL ON FILE**

Chad Fornoff, Executive Director

**SIGNED ORIGINAL ON FILE**

Craig P. Williams II, Chief Financial Officer

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2016

**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 Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

**EXIT CONFERENCE**

The Commission waived an exit conference in correspondence from Chief Financial Officer Craig P. Williams II dated March 30, 2017.

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OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

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

Honorable Frank J. Mautino  
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, 2016. 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.

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, 2016.

### **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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

### **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, 2016, 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, 2016, 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, 2015, accompanying supplementary information in Schedules 2, 3, 4, 5, 6, and 8 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

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

**SIGNED ORIGINAL ON FILE**

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

Springfield, Illinois  
April 3, 2017

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
OFFICE OF THE AUDITOR GENERAL MANAGEMENT  
AUDIT RECOMMENDATIONS UPDATE  
For the Year Ended June 30, 2016

**State's Procurement of Health Insurance Vendors**

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.

As part of the compliance examination of the Executive Ethics Commission for the period ended June 30, 2016, auditors followed up on the status of the not fully implemented recommendations and reported the following:

Recommendation 13	Partially Implemented
Recommendation 15	Implemented

**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 (CPO) for General Services has revised its Procurement Manual to require an instructional meeting to be conducted with all committee members. State Procurement Officers (SPOs) have access to, and are encouraged to use evaluation committee kick-off meeting templates developed by the CPO office. SPOs are informed, during formal training and reminded frequently, that each must be comfortable with and be able to defend any decision that they are called to make. In addition to the detailed instructions on the evaluation and scoring process, it further states the meetings may be to discuss any questions or clarification an evaluator may have with all committee members present; however, there is no requirement for questions and answers to be documented.

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

**Implemented:** The Commission conducted training prior to the end of fieldwork to address the roles of consultants in procurement. The content stated the SPOs' responsibilities included inquiring whether a consultant was involved, understanding what the consultant had been hired to do, and ruling out conflicts of interest.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
OFFICE OF THE AUDITOR GENERAL MANAGEMENT  
AUDIT RECOMMENDATIONS UPDATE  
For the Year Ended June 30, 2016

**State's Procurement of Inmate Telephone Service Vendors**

In August 2014, the Office of the Auditor General released a management audit of the State's Procurement of Inmate Telephone Service Vendors. The audit contained six recommendations directed at various State agencies, including the Executive Ethics Commission with regards to the Chief Procurement Officer (CPO).

As part of the compliance examination of the Executive Ethics Commission for the period ended June 30, 2016, auditors followed up on the status of the recommendations related to the CPO and reported the following:

Recommendation 2	Not Implemented
Recommendation 3	Not Implemented
Recommendation 4	Not Implemented
Recommendation 5	Implemented

**Recommendation 2: The Department of Central Management Services and the Chief Procurement Officer for General Services should ensure that the solicitation document specifies, for procurements that include mandatory site visits, whose attendance is required to meet the mandatory attendance requirement.**

**Not Implemented:** The solicitation template provides for identification of whether attendance is mandatory and that a bidder will be disqualified and considered non-responsive if a bidder does not attend, is not on time, leaves early, or fails to sign the attendance sheet. The CPO believes that specifying attendance at mandatory vendor conferences could lead to procurement delays, protests and disqualifications. No further specification of attendance requirements has been added to the solicitation documents.

**Recommendation 3: The Department of Central Management Services and the Chief Procurement Officer for General Services should evaluate the different options available, determine the appropriate procurement method to use, and document the reasons the procurement method was selected.**

**Not Implemented:** While the State Purchasing Officer (SPO) Determination Forms and the Remedy Procurement Business Case system do verify which procurement methods are used, the forms and system lack documentation or explanations for the reason(s) the procurement method was selected. In addition, for some of the solicitations reviewed during the period, the solicitation documents were posted to the Illinois Procurement Bulletin on the same day the procurement method was approved by the SPO. One solicitation lacked support for the date the procurement method was approved by the SPO. The procurement method should be approved in a timely manner prior to the posting of solicitation documents to the Illinois Procurement Bulletin.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
OFFICE OF THE AUDITOR GENERAL MANAGEMENT  
AUDIT RECOMMENDATIONS UPDATE  
For the Year Ended June 30, 2016

**Recommendation 4:** For future solicitations involving inmate collect calling services, the Department of Central Management Services and the Chief Procurement Officer for General Services should ensure that the factors used to evaluate pricing are developed in a timely fashion and adequately tested to avoid flaws in the pricing table.

**Implemented:** Public Act 99-0878 amended the Unified Code of Corrections (730 ILCS 5/3-4-1(a-5)), to require the Department of Central Management Services, beginning January 1, 2018, to procure, with a qualified vendor for inmate calling services and contains specific pricing requirements and provisions that should eliminate flaws in the pricing table.

**Recommendation 5:** The Department of Central Management Services and the Chief Procurement Officer for General Services should fully document the rationale for amending the contract rates as well as its effect on the original competitive procurement. Should CMS and the Chief Procurement Officer determine that the contract amendment significantly altered the terms of the competitive procurement, they should take the necessary actions to restore the contract to its original economic balance.

For future contract amendments, CMS and the Chief Procurement Officer should ensure that decisions to change contract terms and conditions are adequately supported and documented.

Finally, the Chief Procurement Officer should avoid situations where CPO employees make decisions on procurements in which they were previously involved on behalf of the procuring agency.

**Implemented:** The CPO of General Services provided guidance to all SPOs that addressed the documentation and steps required when a change order is executed. An amendment was made to this procurement during Fiscal Year 2016 pursuant to a Federal Communications Commission (FCC) Order. This amendment contained required rates and was adequately documented and approved.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2016

**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 2016
  - Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances
  - Schedule of Changes in State Property
  - Comparative Schedule of Cash Receipts and Reconciliation 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 Accounts Receivable
  
- Analysis of Operations (Not Examined):
  - Agency Functions and Planning Program (Not Examined)
  - Budget Impasse Disclosures (Not Examined)
  - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)
  - Interest Costs on Fiscal Year 2016 Invoices (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, 2016, 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.

STATE OF ILLINOIS  
 EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
 Expenditure Authority for Fiscal Year 2016

Fourteen Months Ended August 31, 2016

Court-Ordered Expenditures	Expenditure Authority	Expenditures Through 6/30/16	Lapse Period Expenditures 7/01 - 8/31/16	Total Expenditures	Balances Lapsed
<b>APPROPRIATED FUNDS</b>					
<b>General Revenue Fund - 001</b>					
Operational Expenses		\$ 5,279,871	\$ -	\$ 5,279,871	
<b>GRAND TOTAL - ALL FUNDS</b>		<u>\$ 5,279,871</u>	<u>\$ -</u>	<u>\$ 5,279,871</u>	

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Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2016, and have been reconciled to Commission records.

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: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As the Commission never received enacted appropriations for Fund 001, the Commission was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2016.

Note 4: Public Act 99-0524 authorizes the Commission to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 21 includes information from Commission management about the number of invoices and the total dollar amount of invoices held by the Commission to be submitted against its Fiscal Year 2017 appropriation.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30, 2016 and 2015

	Fiscal Year	
	2016	2015
	Court-Ordered Expenditures	P.A. 98-0679 P.A. 99-0001
<b>General Revenue Fund - 001</b>		
Appropriations		\$ 6,440,900
Expenditures		
Operational Expenses	\$ 5,279,871	\$ 6,398,456
Total Expenditures	\$ 5,279,871	\$ 6,398,456
Lapsed Balances		\$ 42,444

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2016 and August 31, 2015, and have been reconciled to Commission records.

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: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As the Commission never received enacted appropriations for Fund 001, the Commission was able to submit vouchers to pay for its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2016.

Note 4: Public Act 99-0524 authorizes the Commission to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 21 includes information from Commission management about the number of invoices and the total dollar amount of invoices held by the Commission to be submitted against its Fiscal Year 2017 appropriation.

Note 5: On March 26, 2015, Public Act 99-0001 was signed into law, which reduced the Commission's Fiscal Year 2015 Fund 001 appropriations from \$6,589,200 to \$6,440,900.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Year Ended June 30, 2016

	<u>Equipment</u>	
Balance at July 1, 2015	\$	244,571
Additions		691
Deletions		-
Net Transfers		-
Balance at June 30, 2016	<u>\$</u>	<u>245,262</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.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND  
RECONCILIATION OF CASH RECEIPTS TO DEPOSITS  
REMITTED TO THE STATE COMPTROLLER**

For the Fiscal Years Ended June 30,

<b>General Revenue Fund - 0001</b>	2016	2015
Administrative Fines	\$ 7,376	\$ 53,246
Miscellaneous	5,762	30,677
Receipts per Commission Records	13,138	83,923
Plus - In Transit at Beginning of Year	421	15,023
Less - In Transit at End of Year	-	(421)
Deposits per State Comptroller's Records	\$ 13,559	\$ 98,525

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2016

There were no significant variations in expenditures between Fiscal Years 2016 and 2015.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Year Ended June 30, 2016

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2016 AND 2015**

**General Revenue Fund – 001**

Administrative Fines

The decrease was due to the amount of administrative fines collected by the Commission pursuant to the State Officials and Employees Ethics Act (5 ILCS 430/50-5(e)) in each fiscal year. The number of fines vary from year to year, dependent upon the number of cases received from the Office of the Executive Inspector General. The amount of fines collected in Fiscal Year 2015 included fines with higher dollar value than those collected in Fiscal Year 2016. One fine collected in Fiscal Year 2015 consisted of payments totaling \$42,000.

Miscellaneous

The decrease was due to the number of Prohibited Political Contributions (PPCs) made in violation of the Illinois Procurement Code (30 ILCS 500/50-37(e)). The Commission identified more PPCs in Fiscal Year 2015 than in Fiscal Year 2016. This was expected as Fiscal Year 2015 occurred during an election year.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Year Ended June 30, 2016

There was no significant spending during the Lapse Period noted in Fiscal Year 2016.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
For the Fiscal Year Ended June 30,

<u>General Revenue Fund - Fund 001</u>	<u>2016</u>	<u>2015</u>
<u>Age</u>		
Current	\$ -	\$ 5,250
1-30 days	1,000	-
31-90 days	-	-
91-180 days	-	-
181+ days past due	<u>6,338</u>	<u>5,714</u>
Total	<u>\$ 7,338</u>	<u>\$ 10,964</u>
Less: Estimated Uncollectibles	<u>\$ (1,375)</u>	<u>\$ -</u>
Net Accounts Receivable Balance	<u>\$ 5,963</u>	<u>\$ 10,964</u>

These amounts represent receivables related to administrative fines and prohibited political contributions.

Note: Amounts have been obtained from the Quarterly Summary of Accounts Receivables as reported to the Office of the Comptroller by the Commission.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Year Ended June 30, 2016  
(NOT EXAMINED)

**AGENCY FUNCTIONS**

The Executive Ethics Commission (Commission) was originally created by the State Officials and Employees Ethics Act (Act) (5 ILCS 430/1-1 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 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 Act;
- Make rulings, issue recommendations, and impose administrative fines on ethics cases brought before the Commission;
- 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;
- Receive reports of ex parte communications that each agency and constitutional officer is required to file with the Commission;

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Year Ended June 30, 2016  
(NOT EXAMINED)

- 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,
- Provide oversight for the Illinois Power Agency, including appointing and, if necessary, removing its Director.

**AGENCY PLANNING**

The Commission is an adjudicative and monitoring body with its powers and duties detailed in the 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 Act.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**BUDGET IMPASSE DISCLOSURES**  
For the Year Ended June 30, 2016  
(NOT EXAMINED)

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

Article 202 of Public Act 99-0524 authorized the Commission to pay Fiscal Year 2016 costs using the Commission's Fiscal Year 2017 appropriations for non-payroll expenditures. The following chart shows the Commission's Fiscal Year 2017 appropriations used to pay for its Fiscal Year 2016 costs:

**OUTSTANDING FISCAL YEAR 2016 INVOICES**

Fund #	Fund Name	Number	Dollar Value
686	Budget Stabilization Fund	209	\$ 138,270
		<u>209</u>	<u>\$ 138,270</u>

In addition, the Commission lacked sufficient expenditure authority, from either court-ordered expenditures or enacted appropriations, to cover its Fiscal Year 2016 costs within the General Revenue Fund. The Commission, as of the end of fieldwork, was holding 16 Fiscal Year 2016 invoices, totaling \$108,910.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND  
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**  
For the Year Ended June 30, 2016  
(NOT EXAMINED)

Transactions Involving the Illinois Finance Authority

The Commission and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the Commission's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2015 and Fiscal Year 2016.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**INTEREST COSTS ON FISCAL YEAR 2016 INVOICES**  
For the Year Ended June 30, 2016  
(NOT EXAMINED)

Prompt Payment Interest Costs

The Commission plans to calculate prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor’s proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during Fiscal Year 2016. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90<sup>th</sup> day after a vendor submits an eligible proper bill to the Commission. The following chart shows the Commission’s prompt payment interest incurred related to Fiscal Year 2016 invoices, calculated on the accrual basis of accounting, through June 30, 2016, by fund:

**PROMPT PAYMENT INTEREST INCURRED**

Year Ended June 30, 2016

Fund #	Fund Name	Invoices	Vendors	Dollar Value
686	Budget Stabilization Fund	73	19	\$ 13,771
		<u>73</u>	<u>19</u>	<u>\$ 13,771</u>

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**AVERAGE NUMBER OF EMPLOYEES**  
For the Year Ended June 30, 2016  
(NOT EXAMINED)

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

<u>Division</u>	<u>2016</u>	<u>2015</u>
Administration	10	11
Procurement Compliance Monitoring	10	13
Capital Development Board	5	6
Department of Transportation	3	3
General Services	25	29
Higher Education	11	12
Total Average Full-Time Employees	<u>64</u>	<u>74</u>

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Year Ended June 30, 2016  
(NOT EXAMINED)

The Executive Ethics Commission (Commission) maintains 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 Executive Inspector General regarding certain allegations and investigations. The website describes the Executive role of the Commission and the Chief Procurement Officers in the procurement process.

The Commission hosted their annual ethics officer conference on April 5, 2016, for Fiscal Year 2016, inviting ethics officers and general counsels from each agency under its jurisdiction to attend. Another smaller conference was held on September 14, 2015. A total of over 200 attendees participated in sessions on ethics-related topics, including gift ban, prohibited political activity, State Records Act, Ethics Officer 101, revolving door, ethics training ideas, ethics and procurement, statements of economic interest, and an ethics quiz that followed the training.

Statistical information regarding activities of Chief Procurement Officers, the Illinois Procurement Gateway, and external training appears below:

<b><u>Chief Procurement Officers</u></b>	<b><u>Fiscal Year</u></b> <b><u>2016</u></b>	<b><u>Fiscal Year</u></b> <b><u>2015</u></b>
Total number of procurements authorized	7,613	7,905
Total dollar value of procurements authorized	\$10,222,500,000	\$12,832,200,000
<b><u>Illinois Procurement Gateway</u></b>		
Number of applications reviewed	4,265	4,442
Number of support requests received and resolved	551	2,755
Number of hours of external training provided to State agencies and external parties	174.0	267.3