

**STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2013

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2013

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STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

AGENCY OFFICIALS

Director

Ms. E. Jane Stricklin

Fiscal Officer

Ms. Mary Dunne

Agency offices are located at:

622 Stratton Office Building
Springfield, IL 62706

Legislative Audit Commission



622 WILLIAM G. STRATTON BUILDING • SPRINGFIELD, ILLINOIS 62706 • 217/782-7097 • FAX 217/524-9030

November 26, 2013

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

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 Legislative Audit 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 two-year period ended June 30, 2013. Based on this evaluation, we assert that during the years ended June 30, 2013 and June 30, 2012, 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,

Legislative Audit Commission

E. Jane Stricklin

E. Jane Stricklin, Executive Director

Mary Dufne

Mary Dufne, Fiscal Officer

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years 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> |
|--|----------------|---------------|
| | <u>Report</u> | <u>Report</u> |
| Findings | 0 | 0 |
| Repeated findings | 0 | 0 |
| Prior recommendations implemented or not repeated | 0 | 0 |

EXIT CONFERENCE

The Legislative Audit Commission waived an exit conference in correspondence dated November 8, 2013.

SPRINGFIELD OFFICE:

ILES PARK PLAZA
740 EAST ASH · 62703-3154
PHONE: 217/782-6046

FAX: 217/785-8222 • TDD: 217/524-4646



CHICAGO OFFICE:

STATE OF ILLINOIS BUILDING · SUITE S-900
160 NORTH LASALLE · 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006

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, Legislative Audit Commission's (Commission) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2013. The management of the Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Commission's compliance based on our examination.

- 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 State of Illinois, Legislative Audit 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.

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 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 Commission's compliance with specified requirements.

In our opinion, the Commission complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2013.

Internal Control

Management of the 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 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 Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.

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

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2013 and June 30, 2012 in Schedules 1 through 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 and June 30, 2012 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, 2011 accompanying supplementary information in Schedules 3 through 6 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

November 26, 2013

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years 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 - 2013
- Schedule of Appropriations, Expenditures and Lapsed Balances - 2012
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending

- Analysis of Operations (Not Examined):

- Agency Functions and Planning Program (Not Examined)
- Average Number of Employees (Not Examined)
- Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013 and June 30, 2012 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
 LEGISLATIVE AUDIT COMMISSION
**SCHEDULE OF APPROPRIATIONS,
 EXPENDITURES AND LAPSED BALANCES**
 Appropriations for Fiscal Year 2013

Fourteen Months Ended August 31, 2013

| Public Act 97-0726 | Appropriations (Net After Transfers) | Expenditures Through 6/30/13 | Lapse Period Expenditures 7/01 - 8/31/13 | Total Expenditures | Balances Lapsed |
|------------------------------|--|------------------------------------|--|-----------------------|--------------------|
| <u>General Revenue - 001</u> | | | | | |
| Lump Sum - Operating Expense | \$ 233,500 | \$ 230,403 | \$ 1,048 | \$ 231,451 | \$ 2,049 |
| Total Fiscal Year 2013 | <u>\$ 233,500</u> | <u>\$ 230,403</u> | <u>\$ 1,048</u> | <u>\$ 231,451</u> | <u>\$ 2,049</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
LEGISLATIVE AUDIT COMMISSION
**SCHEDULE OF APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES**
Appropriations for Fiscal Year 2012

Eighteen Months Ended December 31, 2012

| Public Act 97-0056 & 97-0685 | Appropriations (Net After Transfers) | Expenditures Through 6/30/12 | Lapse Period Expenditures 7/01 - 12/31/12 | Total Expenditures | Balances Lapsed |
|--|--|------------------------------------|---|-----------------------|--------------------|
| <u>General Revenue - 001</u> | | | | | |
| Personal Services | \$ 188,990 | \$ 188,988 | \$ - | \$ 188,988 | \$ 2 |
| Employee Retirement | | | | | |
| Contributions Paid by Employer | 7,574 | 7,573 | - | 7,573 | 1 |
| State Contributions to Social Security | 14,273 | 14,252 | - | 14,252 | 21 |
| Contractual Services | 17,676 | 15,637 | 213 | 15,850 | 1,826 |
| Travel | 3,787 | 2,914 | - | 2,914 | 873 |
| Commodities | 1,000 | 787 | - | 787 | 213 |
| Printing | 1,000 | 370 | 510 | 880 | 120 |
| Electronic Data Processing | 600 | - | - | - | 600 |
| Equipment | 800 | - | - | - | 800 |
| Telecommunications | 1,600 | 989 | 196 | 1,185 | 415 |
| Total Fiscal Year 2012 | <u>\$ 237,300</u> | <u>\$ 231,510</u> | <u>\$ 919</u> | <u>\$ 232,429</u> | <u>\$ 4,871</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 3

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
 EXPENDITURES AND LAPSED BALANCES**
 For the Fiscal Years Ended June 30, 2013, 2012 and 2011

| | Fiscal Year | | |
|--|--------------|---------------------------|--------------|
| | 2013 | 2012 | 2011 |
| | P.A. 97-0726 | P.A. 97-0685 & 97-0056 | P.A. 96-0956 |
| General Revenue - 001 | | | |
| Appropriations (Net After Transfers) | \$ 233,500 | \$ 237,300 | \$ 233,500 |
| Expenditures | | | |
| Personal Services | \$ - | \$ 188,988 | \$ - |
| Employee Retirement | | | |
| Contributions Paid by Employer | - | 7,573 | - |
| State Contributions to Social Security | - | 14,252 | - |
| Contractual Services | - | 15,850 | - |
| Travel | - | 2,914 | - |
| Commodities | - | 787 | - |
| Printing | - | 880 | - |
| Equipment | - | - | - |
| Electronic Data Processing | - | - | - |
| Telecommunications | - | 1,185 | - |
| Lump Sum - Operating Expense | 231,451 | - | 224,776 |
| Total Expenditures | \$ 231,451 | \$ 232,429 | \$ 224,776 |
| Lapsed Balances | \$ 2,049 | \$ 4,871 | \$ 8,724 |

Note 1: For Fiscal Year 2011, the expenditures and related lapse balances do not reflect any interest payments approved by the Commission and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2013

| | <u>Equipment</u> |
|--------------------------|------------------|
| Balance at July 1, 2011 | \$ 35,729 |
| Additions | 5,894 |
| Deletions | (6,500) |
| Net Transfers | <u>(3,374)</u> |
| Balance at June 30, 2012 | <u>\$ 31,749</u> |
| Balance at July 1, 2012 | \$ 31,749 |
| Additions | - |
| Deletions | (472) |
| Net Transfers | <u>-</u> |
| Balance at June 30, 2013 | <u>\$ 31,277</u> |

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

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION
SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE
COMPTROLLER
 For the Fiscal Years Ended June 30,

General Revenue Fund - 001

| | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|--|--------------------|----------------------|--------------------|
| Prior year refunds received | <u>\$ -</u> | <u>\$ 111</u> | <u>\$ -</u> |
| Total Receipts | <u><u>\$ -</u></u> | <u><u>\$ 111</u></u> | <u><u>\$ -</u></u> |
| Deposits Ordered Into State Treasury (per State Comptroller) | <u><u>\$ -</u></u> | <u><u>\$ 111</u></u> | <u><u>\$ -</u></u> |

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2013

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

In Fiscal Year 2013, the appropriation process was changed for operating expenses that were paid from the General Revenue Fund (GRF). All operating expenses were paid from a single lump sum appropriation received for that purpose.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2011 AND 2012

In Fiscal Year 2012, the appropriation process was changed for operating expenses that were paid from the GRF. The Commission received and utilized separately designated appropriations for operating expenditures categories.

**STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2013**

The Commission receives minimal receipts. During Fiscal Year 2012, the Commission received one refund for an overpayment. During Fiscal Year 2013, the Commission did not receive any receipts.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2013

**ANALYSIS OF SIGNIFICANT LAPSE PERIOD EXPENDITURES FOR FISCAL
YEARS 2012 AND 2013**

There was no significant lapse period spending noted during Fiscal Years 2012 and 2013.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2013

AGENCY FUNCTIONS

The Legislative Audit Commission (Commission) was created as a legislative support services agency subject to the Legislative Commission Reorganization Act of 1984 (25 ILCS 150). The Commission's primary duty is to review reports received from the Auditor General and take action thereon and make recommendations to the General Assembly. The Commission is also to determine what remedial measures, if any, are needed and whether special studies and investigations are necessary and if deemed necessary direct the Auditor General to undertake such studies or investigations. The Commission is to report its activities to the General Assembly not less than annually and not later than March 1 each year.

The Commission is composed of 12 members and the membership is equally divided between the House of Representatives and the Senate and the two primary political parties. For Fiscal Year 2012, Representative Frank Mautino and Senator Chris Lauzen were Commission Co-chairs. For Fiscal Year 2013, Representative Frank Mautino and Senator Jason Barickman were Commission Co-chairs.

The appointed Commission members as of June 30, 2013 were as follows:

SENATE MEMBERS

Jason Barickman
Bill Brady
Andy Manar
Iris Martinez
John Mulroe
Jim Oberweis

HOUSE MEMBERS

Rich Brauer
Fred Crespo
Frank Mautino
Sandra Pihos
Robert Rita
Ron Sandack

The Joint Committee on Legislative Support Services provides the foundation for the Commission's goals. The Commission supplements these goals by establishing policy and direction for the staff which are documented in the minutes of the Commission meetings.

During Fiscal Years 2012 and 2013, Commission planning emphasized the following:

- A. Timely review of audits and examinations.
- B. Support and enactment of legislation.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2013

- C. Action to eliminate repetition of prior findings from audits of State agencies.
- D. Review of emergency purchases.
- E. Resolutions requesting additional audits to be performed by the Office of the Auditor General.
- F. Maintenance of a website that includes all Commission meeting information, reviews and forms.

E. Jane Stricklin, Executive Director, serves at the direction of the Legislative Audit Commission and operates the Agency with a staff of two, guided by the Operating Rules for Legislative Support Service Agencies.

The Commission's daily operations are funded from the General Revenue Fund.

PLANNING PROGRAM

The Commission's objectives are defined by statute and their main activity is to review reports received from the Auditor General and take action thereon and make recommendations to the General Assembly. Their statutory duties necessarily serve as the Commission's goals and are the framework of their planning function.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AVERAGE NUMBER OF EMPLOYEES (NOT EXAMINED)
For the Two Years Ended June 30, 2013

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

| <u>Function</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|-----------------------------------|-----------------|-----------------|-----------------|
| Administrative | <u>3</u> | <u>3</u> | <u>3</u> |
| Total average full-time employees | <u><u>3</u></u> | <u><u>3</u></u> | <u><u>3</u></u> |

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Two Years Ended June 30, 2013

The Legislative Audit Commission is mandated by law (25 ILCS 150) to review all audits conducted by the State Auditor General. The primary responsibilities of the Commission are to:

- Conduct public hearings on all major audits of State agencies to review problems, assess agency stewardship, and secure remedial action.
- Initiate and review management and program audits and investigations.
- Make recommendations to the General Assembly and agency management for corrective legislative and other measures to remedy weaknesses disclosed through audits or at Commission meetings.
- Monitor agency progress in implementing corrective action.

The Commission reviewed and took action on 173 financial and compliance reports, 3 management/program audits, and 2 Statewide Single audits during Fiscal Year 2012. The Commission held 10 meetings during Fiscal Year 2012. The Commission reviewed and took action on 148 financial and compliance reports, 5 management/program audits, 2 performance audits and 1 Statewide Single audit during Fiscal Year 2013. The Commission held 7 meetings during Fiscal Year 2013. The Commission adopted 1 resolution during Fiscal Year 2012 and 2 resolutions during Fiscal Year 2013.