

**STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2019

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
Commission Officials		1
Management Assertion Letter		2
Compliance Report		
Summary		3
Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes		4
Supplementary Information for State Compliance Purposes		
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures, and Lapsed Balances:		
Fiscal Year 2019	1	7
Fiscal Year 2018	2	8
Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances	3	9
Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller	4	10
Schedule of Changes in State Property	5	11
Analysis of Operations		
Agency Functions and Planning Program		12
Analysis of Significant Variations in Expenditures		15
Analysis of Significant Variations in Receipts		16
Analysis of Significant Lapse Period Spending		17
Budget Impasse Disclosures		18
Average Number of Employees		19

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

COMMISSION OFFICIALS

Executive Director	Ms. E. Jane Stricklin
Fiscal Officer (07/16/19 - Current)	Mr. Andrew Morrison
Fiscal Officer (04/01/18 - 07/15/19)	Vacant
Fiscal Officer (Acting) (09/05/17 - 03/31/18)	Ms. Mary Dunne
Fiscal Officer (07/01/17 - 09/04/17)	Mr. Roland Sundberg
Fiscal Manager (7/16/19 – Current)	Vacant
Fiscal Manager ¹ (01/16/18 – 07/15/19)	Mr. Andrew Morrison

The Commission's office is located at:

William G. Stratton Building
401 S. Spring Street, Room 622
Springfield, Illinois 62706

¹The Fiscal Manager position was created when Mr. Morrison joined the Commission on January 16, 2018.



Legislative Audit Commission

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

MANAGEMENT ASSERTION LETTER

Honorable Frank J. Mautino
Auditor General
State of Illinois
740 East Ash Street
Springfield, Illinois 62703-3154

December 13, 2019

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 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 specified requirements during the two-year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018, and June 30, 2019, the Commission has materially complied with the specified requirements 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.

Yours truly,

Legislative Audit Commission

SIGNED ORIGINAL ON FILE

E. Jane Stricklin, Executive Director

SIGNED ORIGINAL ON FILE

Andrew Morrison, Fiscal Officer

SOYBEAN INKS

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and 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>Report</u>	<u>Prior</u> <u>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 a correspondence from Andrew Morrison, Fiscal Officer, on December 12, 2019.

SPRINGFIELD OFFICE:

ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887
FRAUD HOTLINE: 1-855-217-1895



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006
FRAUD HOTLINE: 1-855-217-1895

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 compliance by the State of Illinois, Legislative Audit Commission (Commission) with the specified 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, 2019. Management of the Commission is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Commission's compliance with the specified requirements based on our examination.

The specified requirements are:

- 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.

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*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Commission complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Commission complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Commission's compliance with the specified requirements.

In our opinion, the Commission complied with the specified requirements during the two years ended June 30, 2019, in all material respects.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Commission's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Commission's compliance with the specified requirements and to test and report on the Commission's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As required by the *Audit Guide*, an immaterial finding excluded from this report has been reported in a separate letter.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on the Commission's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2018, and June 30, 2019, in Schedules 1 through 5 and the Analysis of Operations Section are presented for purposes of additional analysis. Such information is the responsibility of Commission management. We have applied certain limited procedures as prescribed by the *Audit Guide* to the accompanying supplementary information for the years ended June 30, 2018, and June 30, 2019, in Schedules 1 through 5. We have not applied procedures to the accompanying supplementary information for the years ended June 30, 2017, in Schedules 3 through 5 and in the Analysis of Operations Section. We do not express an opinion, a conclusion, nor provide any assurance on the accompanying supplementary information in Schedules 1 through 5 or the Analysis of Operations Section.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
December 13, 2019

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Appropriations for Fiscal Year 2019

For the Fifteen Months Ended September 30, 2019

	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Expenditures 15 Months Ended September 30	Balances Lapsed
Public Act 100-0586					
FISCAL YEAR 2019					
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Operational Expenses	\$ 273,000	\$ 251,758	\$ 5,545	\$ 257,303	\$ 15,697
TOTAL - ALL APPROPRIATED FUNDS	\$ 273,000	\$ 251,758	\$ 5,545	\$ 257,303	\$ 15,697

Note 1: Appropriations, expenditures, and lapsed balances in this schedule were prepared by the Commission and have been reconciled to the State Comptroller's records as of September 30, 2019.

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

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Appropriations for Fiscal Year 2018

For the Fifteen Months Ended September 30, 2018

Public Act 100-0021	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Expenditures 15 Months Ended September 30	Balances Lapsed
FISCAL YEAR 2018					
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Operational Expenses	\$ 414,300	\$ 395,083	\$ 1,080	\$ 396,163	\$ 18,137
TOTAL - ALL APPROPRIATED FUNDS	\$ 414,300	\$ 395,083	\$ 1,080	\$ 396,163	\$ 18,137

Note 1: Appropriations, expenditures, and lapsed balances in this schedule were prepared by the Commission and have been reconciled to the State Comptroller's records as of September 30, 2018.

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

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

	Fiscal Year		
	2019 Public Act 100-0586	2018 Public Act 100-0021	2017 Continuing Appropriation
APPROPRIATED FUNDS			
General Revenue Fund - 001			
Expenditure Authority (Net of Transfers)	\$ 273,000	\$ 414,300	\$ 273,100
Expenditures			
Operational Expenses	\$ 257,303	\$ 396,163	\$ 246,527
Total Expenditures - Fund 001	\$ 257,303	\$ 396,163	\$ 246,527
Lapsed Balances	\$ 15,697	\$ 18,137	\$ 26,573

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances in this schedule were prepared by the Commission and have been reconciled to the State Comptroller's records as of September 30, 2019, and September 30, 2018.

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 Civil Administrative Code (State Budget Law) (15 ILCS 20/50-22(b)) provides aggregate appropriations available for legislative operations for all funds for each fiscal year shall not be less than the aggregate appropriations made available for legislative operations during the immediately preceding fiscal year. The Circuit Court of Cook County in *People v. Munger* (15 CH 10243) ordered the State Comptroller, in the absence of enacted annual appropriations, to process and pay certified invoice vouchers from the State's legislative branch agencies pursuant to this statute. Therefore, the Commission's Fiscal Year 2015 appropriation for Fund 001 was carried forward to become the Commission's Fiscal Year 2017 expenditure authority for Fund 001.

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

	<u>2019</u>	<u>Fiscal Year 2018</u>	<u>2017</u>
General Revenue Fund - 001			
Prior Year Refund	\$ -	\$ 30	\$ -
Total Cash Receipts per Commission	-	30	-
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ -</u>
GRAND TOTAL - ALL FUNDS			
Total Cash Receipts per Commission	\$ -	\$ 30	\$ -
Less - In Transit at End of Year	-	-	-
Plus - In Transit at Beginning of Year	-	-	-
Total Cash Receipts per State Comptroller's Records - All Funds	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ -</u>

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2019

	<u>Equipment</u>
Balance at July 1, 2017	\$ 28,556
Additions	1,226
Deletions	247
Net Transfers	<u>(189)</u>
Balance at June 30, 2018	<u>\$ 29,346</u>
Balance at July 1, 2018	\$ 29,346
Additions	237
Deletions	-
Net Transfers	<u>-</u>
Balance at June 30, 2019	<u>\$ 29,583</u>

Note: Amounts in this schedule were prepared by the Commission and have been reconciled to property reports submitted to the State Comptroller.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

The Legislative Audit Commission (Commission) was created as a legislative support services agency subject to the Legislative Commission Reorganization Act of 1984 (25 ILCS 130/7-1). 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; determine 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. The appointed Commission members as of June 30, 2019, were as follows:

SENATE MEMBERS

Sen. Jason Barickman, Co-Chair
Sen. Thomas Cullerton
Sen. Laura Ellman
Sen. Iris Martinez
Sen. Dale Righter
Sen. Chapin Rose

HOUSE MEMBERS

Rep. Jaime Andrade Jr.
Rep. Mark Batinick
Rep. Marcus Evans Jr.
Rep. Randy Frese
Rep. Tony McCombie
Rep. Robert Rita, Co-Chair

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 2018 and 2019, the Commission's planning continued to emphasize the following:

- A. Timely review of financial audits and compliance examinations;
- B. Support and enactment of remedial and other legislation;
- C. Action to eliminate repetition of prior findings from audits of State agencies;
- D. Review of emergency purchases, travel reports, and awards to other than the lowest bidder made by State agencies;
- E. Resolutions requesting additional audits to be performed by the Office of the Auditor General; and,

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

- F. Maintenance of a web page as a source of up-to-date information about the Commission's activities, which includes reports and forms associated with the Commission.

In February 2019, the Commission released the 2019 edition of the *Purchasing Laws* booklet, a ready source of information regarding basic procurement and procurement-related statutes. Research, production, and distribution of *Purchasing Laws* was accomplished by the Legislative Audit Commission in cooperation with the Legislative Reference Bureau, the Legislative Printing Unit, the Chief Procurement Offices, and the Executive Ethics Commission. Copies of the *Purchasing Laws* booklet were distributed to fiscal offices, vendors, and others throughout State Government. The booklet was also made available on the LAC's website.

E. Jane Stricklin, Executive Director, serves at the direction of the Commission and operates the Commission 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 its main activity is to review reports received from the Auditor General and take action thereon and make recommendations to the General Assembly. Its statutory duties necessarily serve as the Commission's goals and are the framework of the Commission's planning function.

The Commission is mandated by the Legislative Audit Commission Act (25 ILCS 150) to review all audits conducted by the State's 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 legislation and other measures to remedy weaknesses disclosed through audits or at Commission hearings; and,
- Monitor agency progress in implementing corrective action.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

The Commission reviewed and took action on 170 financial and compliance reports, 2 performance audits, 1 program audit, and parts of the Fiscal Year 2016 Statewide Single audit during Fiscal Year 2018. The Commission held 6 meetings during Fiscal Year 2018. The Commission reviewed and took action on 148 financial and compliance reports, 5 performance audits, 1 program audit, and parts of the Fiscal Year 2017 Statewide Single audit during Fiscal Year 2019. The Commission held 6 meetings during Fiscal Year 2019. The Commission adopted 2 resolutions during Fiscal Year 2019.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2019 AND 2018

General Revenue Fund - 001

Operational Expenses

The decrease was due to the Commission paying for two contracts in Fiscal Year 2018 for the audits of the Office of the Auditor General and the General Assembly. The Commission did not experience this type of activity during Fiscal Year 2019.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2018 AND 2017

General Revenue Fund - 001

Operational Expenses

The increase was due to the Commission paying for two contracts in Fiscal Year 2018 for the audits of the Office of the Auditor General and the General Assembly. The Commission did not experience this type of activity during Fiscal Year 2017.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

The Commission receives minimal receipts. During Fiscal Year 2018, the Commission received one prior year refund for the overpayment to a former employee of improperly claimed mileage in the amount of \$30. During Fiscal Year 2019, the Commission did not receive any receipts. Receipts are expected to fluctuate between fiscal years due to the nature of receipts processed.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

FISCAL YEAR 2019

There were no instances of significant Lapse Period spending noted during Fiscal Year 2019.

FISCAL YEAR 2018

There were no instances of significant Lapse Period spending noted during Fiscal Year 2018.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2019
(NOT EXAMINED)

Payment of Prior Year Costs in Future Fiscal Years

All of the Commission's Fiscal Year 2016 and Fiscal Year 2017 costs were paid pursuant to continuing appropriations. The Commission did not have any outstanding unpaid invoices from either Fiscal Year 2016 or Fiscal Year 2017 after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016, and the closure of the Fiscal Year 2017 Lapse Period on September 30, 2017, respectively.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
AVERAGE NUMBER OF EMPLOYEES
 For the Two Years Ended June 30, 2019
 (NOT EXAMINED)

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

<u>Function</u>	<u>2019</u>	<u>2018</u>	<u>2017</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>