

**STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2017

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2017

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STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

AGENCY OFFICIALS

Executive Director

Mr. Ronald Rhone

Fiscal Officer

Ms. Jenna Williams

The Unit's office is located at:

610 Stratton Building
Springfield, Illinois 62706



LEGISLATIVE PRINTING UNIT
610 STRATTON BUILDING
SPRINGFIELD, ILLINOIS 62706
217/782-7312

MANAGEMENT ASSERTION LETTER

April 5, 2018

Honorable Frank J. Mautino
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash Street
Springfield, Illinois 62703

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, Legislative Printing Unit. 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, Legislative Printing Unit's compliance with the following assertions during the two-year period ended June 30, 2017. Based on this evaluation, we assert that during the years ended June 30, 2016, and June 30, 2017, the State of Illinois, Legislative Printing Unit has materially complied with the assertions below.

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

Yours truly,

Legislative Printing Unit

SIGNED ORIGINAL ON FILE

Ronald Rhone, Executive Director

SIGNED ORIGINAL ON FILE

Jenna Williams, Fiscal Officer

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

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>Report</u>	<u>Prior</u> <u>Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	2

EXIT CONFERENCE

The Legislative Printing Unit waived an exit conference in correspondence dated April 3, 2018.

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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, Legislative Printing Unit'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 two years ended June 30, 2017. The management of the State of Illinois, Legislative Printing Unit is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Legislative Printing Unit's compliance based on our examination.

- A. The State of Illinois, Legislative Printing Unit 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, Legislative Printing Unit 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, Legislative Printing Unit 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 Printing Unit 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, Legislative Printing Unit on behalf of the State or held in trust by the State of Illinois, Legislative Printing Unit 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 (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 State of Illinois, Legislative Printing Unit complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, Legislative Printing Unit complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, 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 State of Illinois, Legislative Printing Unit's compliance with specified requirements.

In our opinion, the State of Illinois, Legislative Printing Unit complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2017.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

Internal Control

Management of the State of Illinois, Legislative Printing Unit 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, Legislative Printing Unit'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, Legislative Printing Unit's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Legislative Printing Unit'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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. 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 compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2017, and June 30, 2016, in Schedules 1 through 5 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, 2017, and June 30, 2016, accompanying supplementary information in Schedules 1 through 5. 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 3 through 5 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
April 5, 2018

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

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 2017

- 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 Schedule of Cash Receipts to Deposits Remitted to the State Comptroller

- Analysis of Operations (Not Examined):

- Agency Functions and Planning Program (Not Examined)

- Analysis of Significant Variations in Expenditures (Not Examined)

- Analysis of Significant Variations in Receipts (Not Examined)

- Analysis of Significant Lapse Period Spending (Not Examined)

- Budget Impasse Disclosure (Not Examined)

- Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)

- Interest Costs on Fiscal Year 2017 and Fiscal Year 2016 Invoices (Not Examined)

- Average Number of Employees (Not Examined)

- Memorandum of Understanding (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, 2017, and June 30, 2016, accompanying supplementary information in Schedules 1 through 5. 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 PRINTING UNIT
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017

For the Fifteen Months Ended September 30, 2017

Continuing Appropriation FISCAL YEAR 2017	Expenditure Authority (Net Of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Operational Expenses	\$ 2,160,000	\$ 1,917,249	\$ 180,720	\$ 2,097,969	\$ 62,031
Total General Revenue Fund	\$ 2,160,000	\$ 1,917,249	\$ 180,720	\$ 2,097,969	\$ 62,031

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to Unit records.
 Note 2: Expenditure amounts are vouchers approved for payment by the Unit 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 Unit's Fiscal Year 2015 appropriation for Fund 001 was carried forward to become the Unit's Fiscal Year 2017 expenditure authority for Fund 001.

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2016

For the Fourteen Months Ended August 31, 2016

Continuing Appropriation FISCAL YEAR 2016	Expenditure Authority (Net Of Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Operational Expenses	\$ 2,160,000	\$ 1,815,771	\$ 278,791	\$ 2,094,562	\$ 65,438
Total General Revenue Fund	<u>\$ 2,160,000</u>	<u>\$ 1,815,771</u>	<u>\$ 278,791</u>	<u>\$ 2,094,562</u>	<u>\$ 65,438</u>

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 Unit records.

Note 2: Expenditure amounts are vouchers approved for payment by the Unit 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 Unit's Fiscal Year 2015 appropriation for Fund 001 was carried forward to become the Unit's Fiscal Year 2016 expenditure authority for Fund 001.

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

	FISCAL YEAR		
	2017	2016	2015
	Continuing Appropriation	Continuing Appropriation	P.A. 98-0679
GENERAL REVENUE FUND - 001			
Expenditure Authority (Net Of Transfers)	\$ 2,160,000	\$ 2,160,000	\$ 2,160,000
Expenditures			
Operational Expenses	\$ 2,097,969	\$ 2,094,562	\$ 2,099,066
Total Expenditures	\$ 2,097,969	\$ 2,094,562	\$ 2,099,066
Lapsed Balances	\$ 62,031	\$ 65,438	\$ 60,934

Note 1: Fiscal Year 2017 and Fiscal Year 2016 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and September 30, 2016, and have been reconciled to Unit records.

Note 2: Expenditure amounts are vouchers approved for payment by the Unit 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 Unit's Fiscal Year 2015 appropriation for Fund 001 was carried forward to become the Unit's Fiscal Year 2017 and Fiscal Year 2016 expenditure authority for Fund 001.

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2017

	<u>Equipment</u>
Balance at July 1, 2015	\$ 4,750,232
Additions	173,346
Deletions	(12,911)
Net Transfers	<u>(2,996)</u>
Balance at June 30, 2016	<u>\$ 4,907,671</u>
Balance at July 1, 2016	\$ 4,907,671
Additions	405,790
Deletions	(312,940)
Net Transfers	<u>(153,458)</u>
Balance at June 30, 2017	<u>\$ 4,847,063</u>

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

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

	FISCAL YEAR		
	2017	2016	2015
<u>GENERAL REVENUE FUND - 001</u>			
Reimbursements/Jury Duty Recoveries	\$ -	\$ -	\$ 97
Miscellaneous	600	-	1,122
Total Receipts per Unit Records	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 1,219</u>
Plus - In Transit at Beginning of Year	\$ -	\$ -	\$ -
Less - In Transit at End of Year	-	-	-
Deposits Recorded by the Comptroller	<u>\$ 600</u>	<u>\$ -</u>	<u>\$ 1,219</u>

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
AGENCY FUNCTIONS AND PLANNING PROGRAM
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

AGENCY FUNCTIONS

The Legislative Printing Unit (Unit) was established as a legislative support service agency by Article 9 of the Legislative Commission Reorganization Act of 1984 (Act) (25 ILCS 130). The Act empowers the Unit to “provide printing services to members of the General Assembly, legislative committees and commissions, and other legislative agencies in accordance with the policies established by the Joint Committee on Legislative Support Services and with reasonable rules promulgated by the Legislative Printing Unit.”

The Unit may also provide emergency printing services to other State agencies subject to the prior approval of the Department of Central Management Services. The Unit may make and collect reasonable charges for these services and shall pay any amounts so collected into the General Revenue Fund in the State Treasury (25 ILCS 130/9-2).

The Unit is mandated to be governed by a four member Board as designated by the Act. The members as of June 30, 2017, were as follows:

Tim Anderson, Secretary of the Senate (Chairperson)
Scott Kaiser, Assistant Secretary of the Senate
Timothy Mapes, Clerk of the House
Brad Bolin, Assistant Clerk of the House

The Unit is responsible for the designing and printing of a wide range of materials. During legislative sessions, the Unit is responsible for the printing of the Senate and House daily calendars, Senate and House final journals, budget amendments, the Legislative Digest, and publishing House journals to CD. For the legislative commissions, the Unit is responsible for the printing of a wide range of materials including newsletters, annual reports, informational books, audits, reports, stationery, envelopes, forms, business cards, etc. The Unit has adopted rules for printing and strictly adheres to the policy, requiring no print job to be performed that is political in content (such as campaign material) or private business items. Other materials designed and printed by the Unit must also follow the printing rules as set for in the Legislative Commission Reorganization Act of 1984 (25 ILCS 130/9-3). For example, the Unit uses soybean inks manufactured within the State and other environmentally-friendly printing materials.

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
AGENCY FUNCTIONS AND PLANNING PROGRAM
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

AGENCY PLANNING

The Unit's short-term planning consists of completing an "Annual Narrative Statement on Specific Programs" report each fiscal year. Any new legislation initiated by the Unit for consideration by the General Assembly, along with applicable cost factors, are identified. Recently enacted State and federal laws, executive orders, court orders, State or federal regulations, or newly mandated changes in organizational structure or operational responsibilities, etc. that will have an impact on the Unit's budget are reported. A notation is also made of implementation plans including dates and cost factors for expansions in areas such as equipment and electronic data processing. Short-term planning also consists of annual budget requests which are submitted to the General Assembly (Joint Committee on Legislative Support Services) for approval.

The Unit's long-term goal is to accomplish the ongoing requests of the General Assembly, committees, commissions, and legislative agencies in a cost-effective manner without diminishing the quality of printing products.

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
(NOT EXAMINED)**
For the Two Years Ended June 30, 2017

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL
YEARS 2017 AND 2016**

There were no significant variations in expenditures between Fiscal Years 2017 and 2016.

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

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

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

The Legislative Printing Unit (Unit) receives minimal receipts. During Fiscal Year 2017, the Unit received miscellaneous receipts in the amount of \$600. During Fiscal Year 2016, the Unit did not receive any receipts. Receipts are expected to fluctuate between fiscal years due to the nature of receipts processed.

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

FISCAL YEAR 2017

There were no instances of significant Lapse Period spending noted during Fiscal Year 2017.

FISCAL YEAR 2016

There were no instances of significant Lapse Period spending noted during Fiscal Year 2016.

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
BUDGET IMPASSE DISCLOSURES
(NOT EXAMINED)
For the Two Years Ended June 30, 2017

Payment of Prior Year Costs in Future Fiscal Years

All of the Unit's Fiscal Year 2016 and Fiscal Year 2017 costs were paid pursuant to court orders. The Unit 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 PRINTING UNIT
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS
(NOT EXAMINED)**
For the Two Years Ended June 30, 2017

Transactions Involving the Illinois Finance Authority

The Unit and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016 and Fiscal Year 2017.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

Vendor Payment Program (VPP)

In 2011, the State of Illinois (State) created the voluntary VPP in response to delays in payments for goods and services provided by the State's vendors arising from the State's cash flow deficit. The Department of Central Management Services (CMS) approved third party financing entities to act as "qualified purchasers" of accounts receivable from "participating vendors" who had submitted invoices which had not been paid by the State.

A participating vendor's accounts receivable is eligible for the VPP if it is from an invoice unpaid by the State that is (1) not for medical assistance payments (2) where 90 days have passed since the proper bill date, which is (3) entitled to interest under the State Prompt Payment Act (Act) (30 ILCS 540) and (4) free of any liens or encumbrances. Under the terms of an agreement between a qualified purchaser and the participating vendor, the participating vendor receives payment for 90% of the receivable balance. The participating vendor, in turn, assigns its rights to the interest due under the Act to the qualified purchaser. When the State Comptroller ultimately pays the invoice, the participating vendor receives the remaining 10% due (less any offsets).

Notably, while CMS approved the qualified purchasers and provided information to vendors about VPP, neither CMS nor the State are parties to the assignment agreements.

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
 PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS
 (NOT EXAMINED)**
 For the Two Years Ended June 30, 2017

The following chart shows the Unit's VPP transactions for Fiscal Year 2016 and Fiscal Year 2017:

VPP TRANSACTIONS

	Fiscal Year Ended June 30,	
	<u>2017</u>	<u>2016</u>
Dollar Value \$	12,920	\$ -
Vendors	3	-
Invoices	13	-

Vendor Support Initiative Program (VSI)

During Fiscal Year 2016 and Fiscal Year 2017, none of the Unit's vendors participated in the Vendor Support Initiative Program (VSI).

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
INTEREST COSTS ON FISCAL YEAR 2017 AND FISCAL YEAR 2016 INVOICES
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

The Unit 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 and Fiscal Year 2017. 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 90th day after a vendor submits an eligible proper bill to the Unit. The following chart shows the Unit's prompt payment interest incurred related to Fiscal Year 2017 and Fiscal Year 2016 invoices, calculated on the accrual basis of accounting, through June 30, 2017 and June 30, 2016, by fund:

PROMPT PAYMENT INTEREST INCURRED

Year Ended June 30, 2017

<u>Fund #</u>	<u>Fund Name</u>	<u>Invoices</u>	<u>Vendors</u>	<u>Dollar Value</u>
001	General Revenue Fund	207	33	\$ 16,189
		<u>207</u>	<u>33</u>	<u>\$ 16,189</u>

PROMPT PAYMENT INTEREST INCURRED

Year Ended June 30, 2016

<u>Fund #</u>	<u>Fund Name</u>	<u>Invoices</u>	<u>Vendors</u>	<u>Dollar Value</u>
001	General Revenue Fund	31	14	\$ 571
		<u>31</u>	<u>14</u>	<u>\$ 571</u>

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
AVERAGE NUMBER OF EMPLOYEES
(NOT EXAMINED)
 For the Years Ended June 30,

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

Position	<u>2017</u>	<u>2016</u>	<u>2015</u>
Administration	4	4	4
Layout Department	3	3	3
Printing Department	19	20	20
Total	<u>26</u>	<u>27</u>	<u>27</u>

STATE OF ILLINOIS
LEGISLATIVE PRINTING UNIT
MEMORANDUM OF UNDERSTANDING
(NOT EXAMINED)

For the Two Years Ended June 30, 2017

During the examination period, the Unit had a Memorandum of Understanding (MOU) with the Office of the State Comptroller (Comptroller) for the purpose of defining the roles and responsibilities between the Unit and the Comptroller for directly inputting obligations, purchase orders, and master contracts (collectively, obligation activity) into the Statewide Accounting Management System (SAMS). The Unit's responsibilities are to enter the obligation activity into SAMS; apply the first level approval on all Unit obligation activity; identify rejected obligation activity and take necessary corrective action within five working days; designate a representative to coordinate all security issues with the Comptroller's Security Administrator; and, ensure proper fiscal and internal controls associated with this program are implemented within the Unit.

STATE OF ILLINOIS
 LEGISLATIVE PRINTING UNIT
SERVICE EFFORTS AND ACCOMPLISHMENTS
(NOT EXAMINED)
 For the Two Years Ended June 30, 2017

The following operating statistics were prepared from Unit records by fiscal year:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Jobs Completed	<u>2,807</u>	<u>2,184</u>	<u>2,934</u>
Printed Sheets:			
Members	11,705,437	12,926,453	18,039,692
Support Staffs	909,047	768,215	781,756
Legislative Printing Unit	2,865,595	1,725,551	1,585,053
Legislative Agencies	<u>2,567,741</u>	<u>3,018,938</u>	<u>2,625,495</u>
Total All Sheets	<u>18,047,820</u>	<u>18,439,157</u>	<u>23,031,996</u>

Note: "Sheets" refers to the numbers of sheets of paper going through the printing process.

*Fiscal Year 2015's numbers differ from the prior examination report due to a timing issue related to job completion.