

**STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2016

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2016

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STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2016

AGENCY OFFICIALS

Executive Director

Randy Erford

Commission Members as of June 30, 2016:

Senator Tim Bivins

Representative Norine Hammond

Senator James F. Clayborne Jr.

Representative Chad Hays

Senator Terry Link

Representative Lou Lang

Senator Karen McConnaughay

Representative Arthur Turner

The Commission's office is located at:

420 Stratton Building
Springfield, Illinois 62706

CHAIRMAN:

Senator Terry Link

Senator James F. Clayborne, Jr.

Senator Michael Connelly

Senator Karen McConaughay



Representative Lou Lang

Representative Norine Hammond

Representative Chad Hays

Representative Arthur Turner

EXECUTIVE DIRECTOR:

Randy Erford

LEGISLATIVE ETHICS COMMISSION

420 Stratton Building, Springfield, IL 62706

Phone: (217) 558-1561

Fax: (217) 557-0505

MANAGEMENT ASSERTION LETTER

Honorable Frank J. Mautino
Auditor General
Iles Park Plaza, 740 East Ash Street
Springfield, IL 62703-3154

April 14, 2017

Dear Mr. 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 Illinois Legislative Ethics Commission (Commission). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Commission's compliance with the following assertions during the two-year period ended June 30, 2016. Based on this evaluation, we assert that during the years ended June 30, 2015 and June 30, 2016, 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.

Yours very truly,

Illinois Legislative Ethics Commission

SIGNED ORIGINAL ON FILE

Mr. Randy Erford, Executive Director

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
 COMPLIANCE EXAMINATION
 For the Two Years 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</u>	<u>Prior</u>
Findings	Report	Report
Findings	2	2
Repeated findings	2	2
Prior recommendations implemented or not repeated	0	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2016-001	7	Procedural Deficiencies	Significant Deficiency and Noncompliance
2016-002	9	Inadequate Segregation of Duties	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The Legislative Ethics Commission waived an exit conference in correspondence dated April 11, 2017. Responses to the findings and recommendations were provided by Mr. Randy Erford, Executive Director, on April 11, 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, Legislative 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 two years ended June 30, 2016. The management of the State of Illinois, Legislative Ethics Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Legislative Ethics Commission's compliance based on our examination.

- A. The State of Illinois, Legislative 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, Legislative 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, Legislative 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.

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, Legislative 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, Legislative Ethics Commission's compliance with specified requirements.

In our opinion, the State of Illinois, Legislative Ethics 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, 2016. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2016-001 and 2016-002.

Internal Control

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2016-001 and 2016-002, that we consider to be significant deficiencies.

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

The State of Illinois, Legislative Ethics Commission's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Legislative Ethics Commission's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2016, and June 30, 2015, in Schedules 1 through 6 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, and June 30, 2015, accompanying supplementary information in Schedules 1 through 6. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2014, 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.

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, Legislative Ethics Commission's members and management, and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

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

Springfield, Illinois
April 14, 2017

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2016

2016-001. **FINDING** (Procedural Deficiencies)

The Legislative Ethics Commission (Commission) did not comply with certain procedural requirements established by State laws and regulations.

While the auditors noted some improvements from the Commission's last examination as the auditors' testing indicated the Travel Headquarters Reports were timely filed with the Legislative Audit Commission, the auditors continued to note the following procedural deficiencies:

- The Commission did not file a Fiscal Control and Internal Auditing Act (Act) certification with the Office of the Auditor General for Fiscal Year 2016 as required. The Act (30 ILCS 10/3003) requires the Commission to conduct an evaluation of its systems of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1.
- The Commission did not timely submit two of two (100%) State property inventory certifications to the Department of Central Management Services (CMS). The certification for Fiscal Year 2015 (due in Fiscal Year 2016) was submitted 52 days late, and the certification for Fiscal Year 2014 (due in Fiscal Year 2015) was not submitted at all. The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.460(f)) requires the Commission's Executive Director to certify completion of the Commission's annual physical inventory of State equipment and submit a complete property listing to CMS on dates designated by CMS, which is December 1.
- The Commission failed to perform and document 24 of 24 (100%) monthly reconciliations of its expenditures with the Office of the Comptroller's Monthly Appropriation Status Report (SB01). The Statewide Accounting Management System (Procedure 11.40.20) requires the Commission to reconcile its appropriation expenditures monthly and notify the Comptroller of any irreconcilable differences.

Commission management stated delays in filing reports were due to oversight or confusion regarding filing dates. Commission management also stated periodic reconciliations are performed throughout the year, and due to the limited number of expenditures, monthly reconciliations were not completed. During the prior examination, management cited the same underlying causes for their noncompliance.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2016

Periodic evaluations of internal controls are necessary to determine whether existing measures are adequate to safeguard assets, ensure the accuracy and reliability of accounting data, and encourage adherence to legal requirements and prescribed management policy. Untimely reporting of property information reduces the reliability of Statewide property information. Further, failure to perform and document monthly reconciliations in a timely manner could result in accounting errors not being detected. (Finding Code No. 2016-001, 2014-001, 12-1, 10-1)

RECOMMENDATION

We recommend the Commission:

- timely submit its FCIAA certification to the Office of the Auditor General as required by the Act;
- timely submit the required property reports in accordance with the Code; and,
- comply with SAMS and document performance of expenditure reconciliations monthly.

COMMISSION RESPONSE

Accepted. The agency's omission of the FCIAA filing in FY2016 was an oversight, although it should be noted that the report would be unchanged from the prior year. For this reason, the agency has requested that the annual FCIAA filing for the LEC be simplified into a letter that specifies if there are any changes – or none - from the prior year.

Over the past several years there have been technical issues surrounding the certification date requested for the agency's annual property inventory certifications. The agency has documented the eight quarterly inventory certifications provided to the Office of the Comptroller during this time period that there have been no changes to the office inventory during the past 24 months. Agency management will contact property management staff to determine if the annual inventory certification process can be clarified and remedied to ensure compliance during the next audit cycle.

Regarding the monthly reconciliations of expenditures with the Comptroller's SB01 Report, after discussion with OAG staff, agency management better understands and concurs with the purpose, if not the frequency, of monthly reconciliations with Comptroller's records and will perform such monthly reconciliations in a standardized format going forward.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2016

2016-002. **FINDING** (Inadequate Segregation of Duties)

The Legislative Ethics Commission (Commission) had an inadequate segregation of duties in the areas of expenditure control and State property.

During testing, the auditors noted the following:

- One person had authority to approve vouchers, maintain accounting records, and perform monthly expenditure reconciliations.
- One person had authority to approve all property purchases, tag all inventory, maintain the property records, and complete the quarterly Agency Report of State Property (Form C-15).

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. In addition, good business practices require the Commission maintain adequate segregation of duties in order to help ensure the safeguarding of assets, prevent improper expenditures, and ensure the accuracy and reliability of accounting data.

Commission management acknowledged the lack of segregation of duties, but hiring additional staff does not seem to be a cost-effective solution, given the volume of work. During the prior examination, Commission personnel cited similar cost concerns as a barrier to compliance.

A lack of adequate segregation of duties increases the likelihood that a loss from errors or irregularities could occur and would not be found in the normal course of employees carrying out their assigned duties. (Finding Code No. 2016-002, 2014-002, 12-2, 10-2, 08-2)

RECOMMENDATION

We recommend the Commission maintain effective internal control over the record keeping and accounting duties concerned with expenditure and property control.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2016

COMMISSION RESPONSE

Accepted. As previously noted, segregation of duties is problematic in a single staff office, but the Commission will continue its enhanced oversight of agency operations established over the past several audit cycles, as a means to ensure accurate accounting and recordkeeping with reference to expenditure and property control. Given the transparency of agency operations inherent in a small budget wherein more than 90 percent of expenditures are related to personal services for one employee - and those personal services expenses remain constant each month - recent audit reviews of agency operations document that the Commission's oversight has been effective.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
COMPLIANCE EXAMINATION
For the Two Years 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

- Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2015

- Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances
 - Schedule of Changes in State Property

- Analysis of Significant Variations in Expenditures

- Analysis of Significant Lapse Period Spending

- 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 of 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, and June 30, 2015, accompanying supplementary information in Schedules 1 through 6. 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
 LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Expenditure Authority for Fiscal Year 2016

Fourteen Months Ended August 31, 2016

Continuing Appropriations	Expenditure Authority (Net of Transfers)	Expenditures Through 6/30/16	Lapse Period Expenditures 7/01 - 8/31/16	Total Expenditures	Balances Lapsed
GENERAL REVENUE FUND - 001					
Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General	\$ 312,500	\$ 40,138	\$ 185	\$ 40,323	\$ 272,177
Total Fiscal Year 2016	<u>\$ 312,500</u>	<u>\$ 40,138</u>	<u>\$ 185</u>	<u>\$ 40,323</u>	<u>\$ 272,177</u>

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

Note B: The Office of the Legislative Inspector General and the Commission each share an appropriation and expenditure data. In Fiscal Year 2016, both entities were reported under the Commission's agency code. Therefore, the Fiscal Year 2016 expenditure authority, appropriation, expenditures, and lapsed balances are reported in the compliance reports for both agencies.

Note C: 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 agencies' Fiscal Year 2015 appropriation for Fund 001 was carried forward to become the agencies' Fiscal Year 2016 expenditure authority for Fund 001.

STATE OF ILLINOIS
 LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Appropriations For Fiscal Year 2015

Fourteen Months Ended August 31, 2015

Public Act 98-0679	Appropriations (Net of Transfers)	Expenditures Through 6/30/15	Lapse Period Expenditures 7/01 - 8/31/15	Total Expenditures	Balances Lapsed
GENERAL REVENUE FUND - 001					
Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General	\$ 312,500	\$ 54,095	\$ 256	\$ 54,351	\$ 258,149
Total Fiscal Year 2015	<u>\$ 312,500</u>	<u>\$ 54,095</u>	<u>\$ 256</u>	<u>\$ 54,351</u>	<u>\$ 258,149</u>

Note A: Appropriations, expenditures, and lapsed balances were obtained from the Commission's records as of August 31, 2015, and have been reconciled to the State Comptroller's records. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

Note B: The Office of the Legislative Inspector General and the Commission each share an appropriation and expenditure data. In Fiscal Year 2015, both entities were reported under the Commission's agency code. Therefore, the Fiscal Year 2015 appropriation, expenditures, and lapsed balances are reported in the compliance reports for both agencies.

STATE OF ILLINOIS
 LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 For the Fiscal Years Ended June 30, 2016, 2015, and 2014

	Fiscal Year		
	2016	2015	2014
	Continuing Appropriations	P.A. 98-0679	P.A. 98-0064
GENERAL REVENUE FUND - 001			
Appropriations (Net After Transfers)	\$ 312,500	\$ 312,500	\$ 312,500
Expenditures			
Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General	\$ 40,323	\$ 54,351	\$ 120,765
Lapsed Balances	\$ 272,177	\$ 258,149	\$ 191,735

Note A: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2016, and August 31, 2015, for Fiscal Years 2016 and 2015, respectively, and have been reconciled to Commission records. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

Note B: The Office of the Legislative Inspector General and the Commission each share an appropriation and expenditure data. As such, for Fiscal Years 2014, 2015, and 2016, both entities were reported under the Commission's agency code. Therefore, the expenditure authority, appropriations, expenditures, and lapsed balances are reported in the compliance reports for both agencies.

Note C: 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 agencies' Fiscal Year 2015 appropriation for Fund 001 was carried forward to become the agencies' Fiscal Year 2016 expenditure authority for Fund 001.

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2016

	<u>Equipment</u>
Balance at July 1, 2014	\$ 9,617
Additions	-
Deletions	-
Net Transfers	<u>-</u>
Balance at June 30, 2015	<u><u>\$ 9,617</u></u>
Balance at July 1, 2015	\$ 9,617
Additions	150
Deletions	258
Net Transfers	<u>-</u>
Balance at June 30, 2016	<u><u>\$ 9,509</u></u>

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller. The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. All equipment is reported under the Legislative Ethics Commission.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2016

The Office of the Legislative Inspector General and the Commission each share an appropriation and expenditure data. As such, both entities were reported under the Commission's agency code. Therefore, any significant variations in expenditures are reported in the compliance reports for both agencies.

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

General Revenue Fund - 001

Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General

The decrease was primarily due to the fact the former Legislative Inspector General's tenure in office ended in December 2014. As the LIG has not been replaced after his departure from office, expenditures associated with the Office of the Legislative Inspector General were significantly reduced.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2015 AND 2014

General Revenue Fund - 001

Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General

The decrease was primarily due to three factors. First, the former LIG retired as of June 30, 2014, which reduced total expenditures because he was no longer getting paid and was no longer being reimbursed for his travel costs from his home to Springfield. Second, the LIG position was replaced with a LIG who reduced overall costs because the services provided by him and his law firm were charged on an as-needed basis during his tenure in office from July 2014 through December 2014. Third, when the LIG left in December 2014, he was not replaced after his departure from office, which significantly reduced the expenditures associated with the Office of the Legislative Inspector General.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2016

The Office of the Legislative Inspector General and the Commission each share an appropriation and expenditure data. As such, both entities were reported under the Commission's agency code. Therefore, any significant Lapse Period spending amounts are reported in the compliance reports for both agencies.

FISCAL YEAR 2016

General Revenue Fund - 001

The agencies did not have any significant Lapse Period expenditures during Fiscal Year 2016.

FISCAL YEAR 2015

General Revenue Fund - 001

The agencies did not have any significant Lapse Period expenditures during Fiscal Year 2015.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2016

FUNCTIONS

The Legislative Ethics Commission (Commission) was created in December 2003 by the State Officials and Employees Ethics Act (Act) (5 ILCS 430/1-1 et seq.). The Commission consists of eight commissioners with the President and Minority Leader of the Senate and the Speaker and Minority Leader of the House of Representatives each appointing two members. The Executive Director of the Legislative Ethics Commission is appointed by the Commission, subject to approval of, at least, three of the four legislative leaders.

The jurisdiction of the Commission extends to members of the General Assembly and all State employees whose ultimate jurisdictional authority is a legislative leader, the Senate Operations Commission, or the Joint Committee on Legislative Support Services.

The Act states the Commission shall have the following duties:

- To promulgate rules governing the performance of its duties and the exercise of its powers and governing the investigations of the Legislative Inspector General;
- To conduct administrative hearings and rule on matters brought before the Commission only upon the receipt of pleadings filed by the Legislative Inspector General and not upon its own prerogative;
- To refer any other allegations of misconduct received by the Commission from a person other than the Legislative Inspector General to the Office of the Legislative Inspector General;
- To prepare and publish manuals and guides and, working with the Office of the Attorney General, oversee training of employees under its jurisdiction that explains their duties;
- To prepare public information materials to facilitate compliance, implementation, and enforcement of the Act;
- To submit reports as required by the Act;
- To the extent authorized by the Act (as the powers and duties of the Commission are limited to matters clearly within the purview of the Act), make rulings, issue recommendations, and impose administrative fines, if appropriate, in connection with the implementation and interpretation of the Act;
- To issue subpoenas with respect to matters pending before the Commission to compel the attendance of witnesses for purposes of testimony and the production of documents and other items for inspection and copying; and,

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2016

- To appoint special Legislative Inspectors General.

PLANNING PROGRAM

The Commission is an investigative body with its powers and duties detailed in the Act. As a result, the Commission does not have formal written goals and objectives, but instead operates to fulfill its statutory responsibilities in a timely and efficient manner.

The Commission's *Operating Rules* and the Commission's *Personnel Manual* help implement and communicate the responsibilities set forth in the Act.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
BUDGET IMPASSE DISCLOSURES (NOT EXAMINED)
For the Two Years Ended June 30, 2016

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

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

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

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
LEGISLATIVE ETHICS COMMISSION
INTEREST COSTS ON FISCAL YEAR 2016 INVOICES (NOT EXAMINED)
For the Two Years Ended June 30, 2016

Prompt Payment Interest Costs

The Commission did not incur any prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540). The Commission's vendors were paid within 90 days or resulted in interest charges below the automatic interest payment threshold, and interest payments were not requested by the vendors in these instances.

STATE OF ILLINOIS
 LEGISLATIVE INSPECTOR GENERAL – LEGISLATIVE ETHICS COMMISSION
AVERAGE NUMBER OF EMPLOYEES (NOT EXAMINED)
 For the Two Years Ended June 30, 2016

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

<u>Division</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Inspector General *	0	1	1
Executive Director **	1	1	1
Total average employees	1	2	2

* The Inspector General is traditionally a part-time position and has been vacant since December 31, 2014.

** The Executive Director of the Legislative Ethics Commission is a contractual payroll employee and works part-time.

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
 For the Two Years Ended June 30, 2016

The Legislative Ethics Commission (Commission) maintained a website for State employees and the general public. This website outlines information about the Commission, including its history, legislative authority, and purpose. In addition, the website provides contact information for the Commission.

Pursuant to the State Officials and Employees Ethics Act (5 ILCS 430/1-1 *et seq.*), the Commission receives quarterly reports summarizing investigation activity from the Office of the Legislative Inspector General. Listed below is a compilation of allegation and investigation information reported to the Commission for Fiscal Years 2014, 2015, and 2016.

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>
Number of allegations received	13	*	*
Number of investigations initiated	13	4	*
Number of investigations concluded	22	4	*
Number of total open investigations	0	0	*

*The Legislative Inspector General position has been vacant since his resignation, effective December 31, 2014. Due to the sensitive nature of allegations received, the number of allegations received subsequent to his resignation cannot be quantified at this time.