

**STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL**

**COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2018

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2018

**TABLE OF CONTENTS**

		<b><u>Page(s)</u></b>
Agency Officials		1
Management Assertion Letter		2
Compliance Report:		
Summary		4
Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes		5
Schedule of Findings		
Current Finding – State Compliance		8
Supplementary Information for State Compliance Purposes:		
Summary		10
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures, and Lapsed Balances - Fiscal Year 2018	1	11
Schedule of Appropriations, Expenditures, and Lapsed Balances - Fiscal Year 2017	2	12
Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances	3	13
Schedule of Changes in State Property	4	14
Analysis of Operations (Not Examined)		
Agency Functions and Planning Program (Not Examined)		15
Analysis of Significant Variations in Expenditures (Not Examined)		17
Analysis of Significant Lapse Period Spending (Not Examined)		18
Budget Impasse Disclosures (Not Examined)		19
Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)		20
Interest Costs on Fiscal Year 2017 Invoices (Not Examined)		22
Average Number of Employees (Not Examined)		23
Service Efforts and Accomplishments (Not Examined)		24

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2018

**AGENCY OFFICIALS**

Acting Inspector General (5/30/18 to Present)	Julie B. Porter
Special Inspector General (11/4/17 to 5/29/18)	Julie B. Porter
Inspector General (1/1/15 to 11/3/17)	Vacant

The Office is located at:

420 Stratton Building  
Springfield, Illinois 62706



OFFICE OF THE ACTING LEGISLATIVE INSPECTOR GENERAL

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JULIE B. PORTER  
1010 Davis Street • Evanston, IL 60201  
312/283-5711 Phone • 312/724-8353 Fax  
E-Mail: juliep@ilga.gov

January 7, 2019

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

Auditor General Mautino:

Management is 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 Office of the Legislative Inspector General and for establishing and maintaining an effective system of internal controls over compliance requirements. I was originally brought on in November 2017 as Special Legislative Inspector General to address a case backlog that amassed while there was no Legislative Inspector General, and to handle additional matters as authorized by the Legislative Ethics Commission. On May 30, 2018, the Legislative Ethics Commission appointed me the Acting Legislative Inspector General. My appointment remains temporary, through the end of February 2019.

Because of my special role and the several-year vacancy in the Legislative Inspector General office, I have only limited information available to me. I have access to some electronic working files that previous Inspector General Tom Homer kept, and I have spoken with Homer. I have also spoken with Randy Erford, who is currently and was at the time the Executive Director for the Legislative Ethics Commission and performed key administrative functions for the Office of the Legislative Inspector General pursuant to an interagency agreement. Based on these discussions and information, I assert that during the years ended June 30, 2017, and June 30, 2018, to the best of my knowledge, the Office of the Legislative Inspector General has materially complied with the assertions below:

- A. The Office of the Legislative Inspector General 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 Office of the Legislative Inspector General 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 Office of the Legislative Inspector General has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Yours truly,

Office of the Legislative Inspector General

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
Julie B. Porter, Acting Legislative Inspector General

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2018

**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	1	1
Repeated findings	1	1
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)			
2018-001	8	Procedural Deficiencies	Significant Deficiency and Noncompliance

**EXIT CONFERENCE**

The Office waived an exit conference in a correspondence from Julie B. Porter, Acting Legislative Inspector General, on December 7, 2018. The responses to the recommendations were provided by Julie B. Porter, Acting Legislative Inspector General, in a correspondence dated January 7, 2019.

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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, Office of the Legislative Inspector General'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, 2018. The management of the State of Illinois, Office of the Legislative Inspector General is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Office of the Legislative Inspector General's compliance based on our examination.

- A. The State of Illinois, Office of the Legislative Inspector General 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, Office of the Legislative Inspector General 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, Office of the Legislative Inspector General 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 (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, Office of the Legislative Inspector General 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, Office of the Legislative Inspector General 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.

E-MAIL ADDRESS: OAG.AUDITOR@ILLINOIS.GOV

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, Office of the Legislative Inspector General's compliance with specified requirements.

In our opinion, the State of Illinois, Office of the Legislative Inspector General complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2018. 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 item 2018-001.

The State of Illinois, Office of the Legislative Inspector General's response to the finding identified in our examination is described in the accompanying schedule of findings. The State of Illinois, Office of the Legislative Inspector General's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

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, Office of the Legislative Inspector General 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, Office of the Legislative Inspector General'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, Office of the Legislative Inspector General's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Office of the Legislative Inspector General'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 item 2018-001, that we consider to be a significant deficiency.

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

The State of Illinois, Office of the Legislative Inspector General's response to the internal control finding identified in our examination is described in the accompanying schedule of findings. The State of Illinois, Office of the Legislative Inspector General's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

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, 2018, and June 30, 2017, in Schedules 1 through 4 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, 2018, and June 30, 2017, accompanying supplementary information in Schedules 1 through 4. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2016, accompanying supplementary information in Schedules 3 and 4 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**

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JANE CLARK, CPA  
Director of Financial and Compliance Audits

Springfield, Illinois  
January 7, 2019

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2018

2018-001. **FINDING** (Procedural Deficiencies)

The Office of the Legislative Inspector General (Office) did not comply with certain procedural requirements established by State laws and regulations.

In April 2005, the Office entered into an interagency agreement with the Legislative Ethics Commission (Commission). The agreement assigned the responsibility to prepare reports required by State law to a shared administrative assistant. However, this administrative assistant position was vacant during the examination period and, historically, the Commission's Executive Director has carried out these administrative functions on behalf of both agencies. During testing, we noted the following:

- The Office did not timely file its *Agency Workforce Report* for Fiscal Year 2016 with the Governor and Secretary of State. The Fiscal Year 2016 *Agency Workforce Report* was submitted to the Governor on January 19, 2017, and the Secretary of State on January 17, 2017, which was 18 days and 16 days late, respectively.

The State Employment Records Act (5 ILCS 410/20) requires the Office to file an annual *Agency Workforce Report* with the Secretary of State and the Governor by January 1.

- The Office did not submit its annual equipment inventory certification to the Department of Central Management Services (CMS) in Fiscal Year 2016 and filed its Fiscal Year 2017 certification 14 days late.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.460(f)) requires the Office to certify completion of the Office's annual physical inventory of State equipment and submit a complete property listing to CMS on dates designated by CMS.

- The Office did not file its annual Fiscal Control and Internal Auditing Act (Act) certifications with the Office of the Auditor General for Fiscal Year 2017 and Fiscal Year 2018. Although the Commission submitted certification letters for those periods, neither letter mentioned the Office.

The Act (30 ILCS 10/3003) requires the Office to conduct an annual evaluation of its systems of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1.

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE**  
For the Two Years Ended June 30, 2018

2018-001. **FINDING** (Procedural Deficiencies) (continued)

Office management indicated these functions were carried out by the Commission on behalf of the Office, with the delays and missing information noted due to staff error. Office management cited similar circumstances during the prior examination.

Failure to timely submit the annual *Agency Workforce Report* represents noncompliance with State statute. 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. Further, untimely reporting of property information reduces the reliability of Statewide property information. (Finding Code No. 2018-001, 2016-001, 2014-001, 12-1, 10-1)

**RECOMMENDATION**

We recommend the Office:

- timely file its *Agency Workforce Report* with the Governor and the Secretary of State;
- timely submit its property inventory certifications to CMS; and,
- ensure annual internal control certifications are submitted to the Office of the Auditor General.

**OFFICE RESPONSE**

Accepted. As Acting Legislative Inspector General (LIG), I have delegated these responsibilities to the Executive Director of the Legislative Ethics Commission (LEC) through an inter-agency agreement and, therefore, do not have direct knowledge of the procedures referenced.

It is my understanding, however, that the LEC will endeavor to file Agency Workforce reports in a more timely fashion, will make the suggested corrections to its property inventory, and will endeavor to timely file Certifications of Inventory. The agency will also, in future submissions, reference the Office of the LIG in its annual FCIAA certification.

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2018

**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 2018
  - Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2017
  - Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances
  - Schedule of Changes in State Property
  
- Analysis of Operations (Not Examined):
  - Agency Functions and Planning Program (Not Examined)
  - Analysis of Significant Variations in Expenditures (Not Examined)
  - Analysis of Significant Lapse Period Spending (Not Examined)
  - Budget Impasse Disclosures (Not Examined)
  - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)
  - Interest Costs on Fiscal Year 2017 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, 2018, and June 30, 2017, accompanying supplementary information in Schedules 1 through 4. 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  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
Appropriations For Fiscal Year 2018

For the Fifteen Months Ended September 30, 2018

P. A. 100-0021	Expenditure Authority	Lapse Period		Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
		Expenditures Through June 30	Expenditures July 1 to September 30		
FISCAL YEAR 2018					
<b>GENERAL REVENUE FUND - 001</b>					
	Ordinary and Contingent Expenses of the Legislative Ethics Commission and the Office of the Legislative Inspector General	\$ 312,500	\$ 120,095	\$ 11,154	\$ 181,251
	Total Fiscal Year 2018	<u>\$ 312,500</u>	<u>\$ 120,095</u>	<u>\$ 11,154</u>	<u>\$ 181,251</u>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2018, and have been reconciled to Legislative Ethics Commission (Commission) records. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

Note 2: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Commission to pay for all costs incurred prior to July 1, 2018, using its Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 19 includes information from Commission management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2017 held by the Commission which were submitted against its Fiscal Year 2018 appropriation.

Note 3: The Legislative Inspector General and the Commission each share an appropriation and expenditure data. In Fiscal Year 2018, both entities were reported under the Commission's agency code. Therefore, the Fiscal Year 2018 appropriation, expenditures, and lapsed balances are reported in the compliance reports for both agencies.

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
Appropriations For Fiscal Year 2017

For the Fifteen Months Ended September 30, 2017

Continuing Appropriations	Expenditure Authority	Expenditures Through June 30	Lapse Period		Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
			Expenditures July 1 to September 30	Expenditures September 30		
FISCAL YEAR 2017						
<b>GENERAL REVENUE FUND - 001</b>						
Ordinary and Contingent Expenses of the Legislative Ethics Commission and the Office of the Legislative Inspector General	\$ 312,500	\$ 38,983	\$ 1,694	\$ 40,677	\$ 271,823	
Total Fiscal Year 2017	<u>\$ 312,500</u>	<u>\$ 38,983</u>	<u>\$ 1,694</u>	<u>\$ 40,677</u>	<u>\$ 271,823</u>	

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 Legislative Ethics Commission (Commission) records. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

Note 2: 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.

Note 3: The Legislative Inspector General and the Commission each share an appropriation and expenditure data. In Fiscal Year 2017, both entities were reported under the Commission's agency code. Therefore, the Fiscal Year 2017 appropriation, expenditures, and lapsed balances are reported in the compliance reports for both agencies.

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Year Ended June 30,

	Fiscal Year		
	2018	2017	2016
	P.A. 100-0021	Continuing Appropriations	Continuing Appropriations
<b>GENERAL REVENUE FUND - 001</b>			
Appropriations	\$ 312,500	\$ 312,500	\$ 312,500
Expenditures			
Ordinary and Contingent Expenses of the Legislative Ethics Commission and the Office of the Legislative Inspector General	\$ 131,249	\$ 40,677	\$ 40,323
Lapsed Balances	\$ 181,251	\$ 271,823	\$ 272,177

Note 1: Fiscal Year 2017 and Fiscal Year 2018 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and September 30, 2018, and have been reconciled to the records of the Legislative Ethics Commission (Commission). Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

Note 2: 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.

Note 3: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Commission to pay for all costs incurred prior to July 1, 2018, using its Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 19 includes information from Commission management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2017 held by the Commission which were submitted against its Fiscal Year 2018 appropriation.

Note 4: The Office of the Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. As such, for Fiscal Years 2016, 2017, and 2018, 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.

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Two Years Ended June 30, 2018

	<u>Equipment</u>
Balance at July 1, 2016	\$ 9,509
Additions	-
Deletions	-
Net Transfers	<u>-</u>
Balance at June 30, 2017	<u>\$ 9,509</u>
Balance at July 1, 2017	\$ 9,509
Additions	-
Deletions	-
Net Transfers	<u>-</u>
Balance at June 30, 2018	<u>\$ 9,509</u>

Note: The above schedule has been derived from the Legislative Ethics Commission's records, which have been reconciled to property reports submitted to the Office of the State Comptroller. The Office of 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  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Two Fiscal Years Ended June 30, 2018

(NOT EXAMINED)

The Office of the Legislative Inspector General (Office) was created in December 2003 by the State Officials and Employees Ethics Act (Act) (5 ILCS 430). The Legislative Inspector General is appointed by a joint resolution of the Senate and the House of Representatives.

By statute, the jurisdiction of the Legislative Inspector General is to investigate allegations of fraud, waste, abuse, mismanagement, misconduct, nonfeasance, misfeasance, malfeasance, or violations of the Act or violations of other related laws and rules.

The jurisdiction of the Office 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 Legislative Inspector General shall have the following duties:

- To receive and investigate allegations of violations of the Act. The Legislative Inspector General may receive information through the Office or through an ethics commission. An investigation may be conducted only in response to information reported to the Legislative Inspector General and not upon his or her own prerogative. The Legislative Inspector General has the discretion to determine the appropriate means of investigation as permitted by law.
- To request information relating to an investigation from any person when the Legislative Inspector General deems that information necessary in conducting an investigation.
- To issue subpoenas, with the advance approval of the Legislative Ethics Commission (Commission), to compel the attendance of witnesses for the purposes of testimony and production of documents and other items for inspection and copying, and to make service of those subpoenas and subpoenas issued by the Commission.
- To submit reports as required by the Act.
- To file pleadings in the name of the Legislative Inspector General with the Commission, through the Attorney General.
- To assist and coordinate the ethics officers for State agencies under the jurisdiction of the Legislative Inspector General and to work with those ethics officers.
- To participate in or conduct, when appropriate, multi-jurisdictional investigations.
- To request, as the Legislative Inspector General deems appropriate, from ethics officers of State agencies under his or her jurisdiction, reports or information on:
  1. The content of a State agency's ethics training program; and,
  2. The percentage of new officers and employees who have completed ethics training.

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Two Fiscal Years Ended June 30, 2018

(NOT EXAMINED)

- To establish a policy that ensures the appropriate handling and correct recording of all investigations of allegations and to ensure that the policy is accessible via the Internet in order that those seeking to report those allegations are familiar with the process and that the subjects of those allegations are treated fairly.
- To post information to the Legislative Inspector General's website explaining to complainants and subjects of an investigation the legal limitations on the Legislative Inspector General's ability to provide information to them and a general overview of the investigation process.

PLANNING PROGRAM

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

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2018

(NOT EXAMINED)

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

**General Revenue Fund - 001**

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

The overall increase in expenditures was primarily due to the absence of a Legislative Inspector General (LIG) until the appointment of Julie Porter as Special LIG (and later Acting LIG) in November 2017. The associated costs are primarily due to legal fees for investigative services provided by and to the Acting LIG in the latter part of Fiscal Year 2018.

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

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

Note: The Legislative Ethics Commission shared an appropriation with the Office of the Legislative Inspector General during Fiscal Years 2016, 2017, and 2018. This analysis includes both agencies' expenditures.

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2018

(NOT EXAMINED)

**FISCAL YEAR 2018**

The Office of the Legislative Inspector General and the Legislative Ethics Commission did not have any significant Lapse Period expenditures during Fiscal Year 2018.

**FISCAL YEAR 2017**

The Office of the Legislative Inspector General and the Legislative Ethics Commission did not have any significant Lapse Period expenditures during Fiscal Year 2017.

Note: The Legislative Ethics Commission shared an appropriation with the Office of the Legislative Inspector General during Fiscal Years 2016, 2017, and 2018. This analysis includes both agencies' expenditures.

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**BUDGET IMPASSE DISCLOSURES**  
For the Two Years Ended June 30, 2018

(NOT EXAMINED)

Payment of Prior Year Costs in Future Fiscal Years

All of the Office of the Legislative Inspector General's (Office's) Fiscal Year 2016 and Fiscal Year 2017 costs were paid pursuant to continuing appropriation. 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.

In addition, Article 998 of Public Act 100-0021 authorized the Commission to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using the Commission's Fiscal Year 2018 appropriation for non-payroll expenditures. The Commission did not have any outstanding invoices from Fiscal Year 2017 unpaid after the closure of the Fiscal Year 2017 Lapse Period on September 30, 2017. Therefore, the Commission did not use its Fiscal Year 2018 appropriations to pay its Fiscal Year 2016 or Fiscal Year 2017 costs.

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND  
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**  
For the Two Years Ended June 30, 2018

(NOT EXAMINED)

Transactions Involving the Illinois Finance Authority

The Office of the Legislative Inspector General (Office) and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during 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).

The following chart shows the Office’s VPP transactions for Fiscal Year 2017:

**VPP TRANSACTIONS**

	<u>2017</u>
Dollar Value \$	278
Vendors	1
Invoices	3

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND  
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**  
For the Two Years Ended June 30, 2018

(NOT EXAMINED)

*Vendor Support Initiative Program (VSI)*

During Fiscal Year 2016, the State created the voluntary VSI as an alternative to the VPP for cases where the Office lacked an enacted appropriation or other legal expenditure authority to present invoices to the State Comptroller for payment. The VSI operated similarly to the VPP, although the Office was required to determine a participating vendor's invoice (1) would have met the requirements of the VPP and (2) provided the proper bill date of invoice prior to the qualified purchaser and participating vendor entering into an agreement where the participating vendor received payment for 90% of the receivable balance. The participating vendor, in turn, assigned its rights to the interest due under the Act to the qualified purchaser. After the State Comptroller ultimately paid the invoice after the Office received appropriations or other legal expenditure authority to pay the invoice, the participating vendor received the remaining 10% due (less any offsets).

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

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**INTEREST COSTS ON FISCAL YEAR 2017 INVOICES**  
For the Two Years Ended June 30, 2018

(NOT EXAMINED)

Prompt Payment Interest Costs

The Legislative Ethics Commission (Commission) calculated 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 issued a warrant to the vendor, regardless of when and if an enacted appropriation existed during 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 90<sup>th</sup> day after a vendor submits an eligible proper bill to the Commission. The following chart shows the Commission's prompt payment interest incurred related to Fiscal Year 2017 invoices, calculated on the accrual basis of accounting, through June 30, 2017, 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	4	2	\$ 44
		<u>4</u>	<u>2</u>	<u>\$ 44</u>

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL –  
LEGISLATIVE ETHICS COMMISSION  
**AVERAGE NUMBER OF EMPLOYEES**  
For the Two Years Ended June 30, 2018

(NOT EXAMINED)

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

<u>Division</u>	Fiscal Year		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Inspector General	1	0	0
Executive Director	1	1	1
Total average employees	2	1	1

Note 1: The Legislative Inspector General is a part-time employee and was vacant from December 31, 2014, through November 3, 2017. The position was filled by the Special/Acting Legislative Inspector General who served as an independent contractor through the end of the examination period.

Note 2: The Executive Director of the Legislative Ethics Commission is a contractual payroll employee and serves on a part-time basis.

Note 3: The Legislative Ethics Commission shared an appropriation and agency code with the Office of the Legislative Inspector General during Fiscal Years 2016, 2017, and 2018. This analysis includes both agencies.

STATE OF ILLINOIS  
OFFICE OF THE LEGISLATIVE INSPECTOR GENERAL  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Two Fiscal Years Ended June 30, 2018

(NOT EXAMINED)

The Office of the Legislative Inspector General (Office) maintained a website for State employees and the general public. This website outlines information about the Office, including its history, legislative authority, and purpose, as well as information about the types of complaints accepted, how complaints are processed, and how investigations are completed. In addition, the website provides contact information for the Office and a link to case initiation forms.

Pursuant to the State Officials and Employees Ethics Act (5 ILCS 430/25-65), the Office submits quarterly reports summarizing investigation activity to the Legislative Ethics Commission (Commission). Listed below is a compilation of allegation and investigation information reported to the Commission for Fiscal Year Ended June 30,

	Fiscal Year		
	2018	2017	2016
Number of allegations received	55	*	*
Number of investigations initiated	42	*	*
Number of investigations concluded	30	*	*
Number of total open investigations	17	*	*

\*The Legislative Inspector General position was vacant from January 1, 2015 through November 3, 2017. Julie B. Porter was appointed Special Legislative Inspector General on November 4, 2017, and Acting Legislative Inspector General on May 30, 2018. Due to the vacancy, no quarterly reports summarizing investigation activity were submitted to the Commission covering January 1, 2015 through November 3, 2017.