

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2011

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2011

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STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2011

**AGENCY OFFICIALS**

Executive Inspector General (9/7/10 – Current)	Mr. Ricardo Meza
Executive Inspector General (7/1/09 – 8/13/10)	Mr. James Wright
First Deputy Inspector General (12/21/10 – 6/3/11)	Mr. Cole Kain
First Deputy Inspector General (8/1/09 – 9/28/10)	Ms. Sydney Roberts
Chief Fiscal Officer	Ms. Rochelle Hardy
Chief of Staff and General Counsel (6/6/2011 – Current)	Mr. Cole Kain
Chief of Staff and General Counsel (10/4/10 – 6/3/11)	Mr. Patrick S. Ginty
Legal Counsel (7/1/09 – 10/2/10)	Mr. Patrick S. Ginty

Offices are located at:

32 West Randolph Street, Suite 1900  
Chicago, IL 60601

607 East Adams Street, 14<sup>th</sup> Floor  
Springfield, IL 62701



**OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR**

32 WEST RANDOLPH STREET, SUITE 1900  
CHICAGO, ILLINOIS 60601  
(312) 814-5600

August 14, 2012

Honorable William G. Holland  
Auditor General  
740 East Ash Street  
Springfield, IL 62703  
Attention: Courtney Dzierwa, Manager

**Re: Management Assertions**

Dear General Holland:

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 Office of Executive Inspector General for the Agencies of the Illinois Governor (Agency). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements.

As you know, I was appointed Executive Inspector General effective September 7, 2010. As such, I am unfortunately unable to make assertions regarding agency expenditures that occurred prior to my appointment or during the one-year period that ended June 30, 2010. However, Rochelle Hardy, our Chief Financial and Compliance Officer, has performed an evaluation of the Agency's compliance with the regard to the two-year period that began July 1, 2009 and ended June 30, 2011. Based on these evaluations, Ms. Hardy is able to assert that during this two-year period the Agency has materially complied with the assertions below.

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

As Executive Inspector General and Agency head, I am able and willing to assert that during the one-year period that ended June 30, 2011, the Agency has materially complied with the assertions noted above.

Yours very truly,

Office of the Executive Inspector General



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Ricardo Meza  
Executive Inspector General



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Rochelle M. Hardy  
Chief Financial & Compliance Officer

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2011

**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.

**ACCOUNTANTS' REPORT**

The Independent Accountants' 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>This</u>	<u>Prior</u>
Findings	0	1
Repeated findings	0	0
Prior recommendations implemented or not repeated	1	0

There were no material findings noted during this examination.

**SCHEDULE OF FINDINGS**

PRIOR FINDINGS NOT REPEATED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	8	Noncompliance with the Fiscal Control and Internal Auditing Act

## **EXIT CONFERENCE**

The results of this examination were discussed with Office personnel at an exit conference on July 18, 2012. Attending were:

### **Office of Executive Inspector General for the Agencies of the Illinois Governor**

Mr. Ricardo Meza, Executive Inspector General  
Mr. Cole Kain, General Counsel and Chief of Staff  
Ms. Wendy Washington, Human Resources Director  
Ms. Rochelle Hardy, Chief Financial and Compliance Officer  
Mr. Neil Olson, Deputy Inspector General

### **Office of the Auditor General**

Ms. Courtney Dzierwa, Audit Manager  
Ms. Lana Miari, Audit Supervisor

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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the State of Illinois, Office of Executive Inspector General for the Agencies of the Illinois Governor'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, 2011. The management of the State of Illinois, Office of Executive Inspector General for the Agencies of the Illinois Governor is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Office of Executive Inspector General for the Agencies of the Illinois Governor's compliance based on our examination.

- A. The State of Illinois, Office of Executive Inspector General for the Agencies of the Illinois Governor 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 Executive Inspector General for the Agencies of the Illinois Governor 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 Executive Inspector General for the Agencies of the Illinois Governor 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, Office of Executive Inspector General for the Agencies of the Illinois Governor 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, Office of Executive Inspector General for the Agencies of the Illinois Governor on behalf of the State or held in trust by the State of Illinois, Office of Executive Inspector General for the Agencies of the Illinois Governor have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination 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, Office of Executive Inspector General for the Agencies of the Illinois Governor'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, Office of Executive Inspector General for the Agencies of the Illinois Governor's compliance with specified requirements.

In our opinion, the State of Illinois, Office of Executive Inspector General for the Agencies of the Illinois Governor complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2011.

### **Internal Control**

Management of the State of Illinois, Office of Executive Inspector General for the Agencies of the Illinois Governor 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 Executive Inspector General for the Agencies of the Illinois Governor's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Office of Executive Inspector General for the Agencies of the Illinois Governor's internal control over compliance.

*A deficiency in an entity's 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 an entity's internal control over compliance* is a deficiency, or combination of deficiencies, in

noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

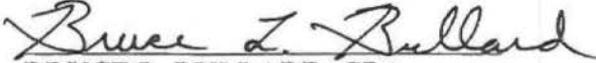
There were no immaterial findings that have been excluded from this report.

**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 as listed in the table of contents as Supplementary Information for State Compliance Purposes 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 2011 and the 2010 Supplementary Information for State Compliance Purposes, except for Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2009 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and agency management and is not intended to be and should not be used by anyone other than these specified parties.

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

August 14, 2012

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**SCHEDULE OF FINDINGS**  
For the Two Years Ended June 30, 2011

Prior Findings Not Repeated

A. **FINDING** (Noncompliance with the Fiscal Control and Internal Auditing Act)

During the prior examination period, the Office of Executive Inspector General for the Agencies of the Illinois Governor (Office) did not comply with the Fiscal Control and Internal Auditing Act (FCIAA). The Office did not perform an evaluation of internal controls or prepare and file its FCIAA certification with the Office of the Auditor General during Fiscal Year 2008. In addition, the Office did not timely file its FCIAA certification for Fiscal Year 2009. The Fiscal Year 2009 report was due on May 1, 2009 but was not filed until July 6, 2009, which was 67 days late.

During the current examination period, the Office performed timely evaluations of its internal controls and subsequently filed certifications with the Office of the Auditor General as required. (Finding Code No. 09-1)

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2011

**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
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending

- Analysis of Operations:

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

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the accountants do not express an opinion on the supplementary information.

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
Appropriations for Fiscal Year 2011

Fourteen Months Ended August 31, 2011

P.A. 96-0956	Appropriations (Net After Transfers)	Expenditures Through 6/30/11	Approximate Lapse Period Expenditures 7/01 - 8/31/11	Approximate Expenditures 14 Months Ended 8/31/11	Approximate Balances Lapsed 8/31/11
<b>General Revenue Fund - 001</b>					
Operating Expenses of the Office of the Executive Inspector General	\$ 6,931,315	\$ 5,261,625	\$ 64,363	\$ 5,325,988	\$ 1,605,327
<b>GRAND TOTAL</b>	<u>\$ 6,931,315</u>	<u>\$ 5,261,625</u>	<u>\$ 64,363</u>	<u>\$ 5,325,988</u>	<u>\$ 1,605,327</u>

Note 1: All data contained above was obtained from Office records which have been reconciled to the records of the State Comptroller.

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

Note 3: Approximate lapse period expenditures do not include interest payments approved for payment by the Office and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
Appropriations for Fiscal Year 2010

Fourteen Months Ended August 31, 2010

P.A. <a href="#">96-0042</a>	Appropriations (Net of Transfers)	Expenditures Through 6/30/10	Lapse Period Expenditures 7/01 - 8/31/10	Expenditures 14 Months Ended 8/31/10	Balances Lapsed 8/31/10
<b>General Revenue Fund - 001</b>					
Operating Expenses of the Office of the Executive Inspector General	\$ 6,931,315	\$ 5,715,187	\$ 72,522	\$ 5,787,709	\$ 1,143,606
<b>GRAND TOTAL</b>	<b>\$ 6,931,315</b>	<b>\$ 5,715,187</b>	<b>\$ 72,522</b>	<b>\$ 5,787,709</b>	<b>\$ 1,143,606</b>

Note 1: All data contained above was obtained from Office records which have been reconciled to the records of the State Comptroller.

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

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

	FISCAL YEAR		
	2011	2010	2009
	P.A. 96-0956	P.A. 96-0042	P.A. 95-0732
<b><u>General Revenue Fund - 001</u></b>			
Appropriations (Net of Transfers)	\$ 6,931,315	\$ 6,931,315	\$ 7,127,940
<u>Expenditures</u>			
Operating Expenses of the Office of the Executive Inspector General	\$ 5,325,988	\$ 5,787,709	\$ 6,655,106
Total Expenditures	<u>\$ 5,325,988</u>	<u>\$ 5,787,709</u>	<u>\$ 6,655,106</u>
Lapsed Balances	<u>\$ 1,605,327</u>	<u>\$ 1,143,606</u>	<u>\$ 472,834</u>
<b><u>State Officers Salaries</u></b>			
<u>Appropriations</u>			
Executive Inspector General - Governor	\$ 150,200	\$ -	\$ -
Total Appropriations	<u>\$ 150,200</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Expenditures</u>			
Executive Inspector General - Governor	\$ 143,667	\$ -	\$ -
Total Expenditures	<u>\$ 143,667</u>	<u>\$ -</u>	<u>\$ -</u>
Lapsed Balances	<u>\$ 6,533</u>	<u>\$ -</u>	<u>\$ -</u>

Note 1: For Fiscal Year 2010, the expenditure amounts are final and include interest payments made after August.

Note 2: For Fiscal Year 2011, the expenditures and related lapsed balances do not reflect any interest payments approved by the Office and submitted to the Comptroller for payment after August.

Note 3: Starting with Fiscal Year 2011, per Public Act 96-0555, the salary of the Executive Inspector General-Governor was paid from the Executive Payroll through the Office of the Comptroller.

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Two Years Ended June 30, 2011

	Equipment
Balance at July 1, 2009	\$ 723,878
Additions	55,758
Deletions	(2,652)
Net Transfers	(22,005)
Balance at June 30, 2010	\$ 754,979
Balance at July 1, 2010	\$ 754,979
Additions	40,375
Deletions	(990)
Net Transfers	-
Balance at June 30, 2011	\$ 794,364

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

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS**  
For the Fiscal Years Ended June 30,

<u>GENERAL REVENUE FUND - 001</u>	Fiscal Year		
	2011	2010	2009
Reimbursements for Jury Duty and Recoveries	\$ 81	\$ 74	\$ 217
Miscellaneous	79	7	19
Repayment to State	497	511	733
Reduction of Petty Cash Fund	0	1,711	0
Total Receipts	<u>\$ 657</u>	<u>\$ 2,303</u>	<u>\$ 969</u>

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS  
REMITTED TO THE STATE COMPTROLLER**  
For the Fiscal Years Ended June 30,

<u>GENERAL REVENUE FUND - 001</u>	Fiscal Year		
	2011	2010	2009
Receipts per Office Records	\$ 657	\$ 2,303	\$ 969
Add: Deposits in Transit, Beginning of Year	0	320	0
Less: Deposits in Transit, End of Year	0	0	(320)
Deposits Remitted to the Comptroller	<u>\$ 657</u>	<u>\$ 2,623</u>	<u>\$ 649</u>

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2011

Fiscal Year 2011

A comparative schedule of significant variations in expenditures which differed by at least \$10,000 and by more than 20% from the previous year for the General Revenue Fund for the fiscal year ended June 30, 2011 is shown below:

<u>EXPENDITURE ITEM</u>	<u>FISCAL YEAR ENDED JUNE 30</u>		<u>INCREASE (DECREASE)</u>	
	<u>2011</u>	<u>2010</u>	<u>AMOUNT</u>	<u>%</u>
Contractual Payroll Employees	\$ 46,284	\$ 22,590	\$ 23,694	105%
Commodities	\$ 23,456	\$ 37,055	(\$ 13,599)	( 37%)
Equipment	\$ 44,414	\$ 31,612	\$ 12,802	41%
Interest Prompt Payment	\$ 5,901	\$ 17,309	(\$ 11,408)	( 66%)

Office personnel provided the following explanations for the significant variations identified above.

General Revenue Fund - 001

Contractual Payroll Employees

The increase was primarily due to the Office retaining Special Counsel in Fiscal Year 2011. That position was later converted to a part-time position subject to the personal services object code.

Commodities

The decrease was primarily due to an Office initiative to decrease in spending on office supplies, such as toner.

Equipment

The increase was primarily due to the purchase of a fleet vehicle in Fiscal Year 2011 to replace a leased vehicle, which was returned to CMS Surplus. The increase was also due to an upgrade in the Office's information systems technology and purchase of new computers during Fiscal Year 2011.

Interest Prompt Payment

The decrease in interest payments from Fiscal Year 2010 to Fiscal Year 2011 was due to more prompt payments being made by the Illinois Office of the Comptroller in Fiscal Year 2011 when compared to Fiscal Year 2010, resulting in less interest being owed to vendors.

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2011

Fiscal Year 2010

A comparative schedule of significant variations in expenditures which differed by at least \$10,000 and by more than 20% from the previous year for the General Revenue Fund for the fiscal year ended June 30, 2010 is shown below:

<u>EXPENDITURE ITEM</u>	<u>FISCAL YEAR ENDED JUNE 30</u>		<u>INCREASE (DECREASE)</u>	
	<u>2010</u>	<u>2009</u>	<u>AMOUNT</u>	<u>%</u>
State Employee Retirement	\$ 0	\$ 872,508	(\$ 872,508)	(100%)
Contractual Services	\$ 786,200	\$1,052,228	(\$ 266,028)	( 25%)
Travel	\$ 25,515	\$ 47,309	(\$ 21,794)	( 46%)
Interest Prompt Payment	\$ 17,309	\$ 0	\$ 17,309	100%

Office personnel provided the following explanations for the significant variations identified above.

General Revenue Fund - 001

State Employee Retirement

The decrease was due to the fact that during Fiscal Year 2009, the State Employee Retirement was funded from the Office's budget appropriation. In Fiscal Year 2010, State Employee Retirement was not funded from the Office's budget appropriation.

Contractual Services

The decrease was primarily due to the implementation of a new contract with an ethics training vendor during Fiscal Year 2009 which required one-time start-up expenditures which were not incurred during Fiscal Year 2010. The decrease was also due to the Office sending fewer employees to outside training conferences during Fiscal Year 2010.

Travel

The decrease was due to an effort to reduce overall Office staff travel expenditures during Fiscal Year 2010.

Interest Prompt Payment

The increase in interest payments from Fiscal Year 2009 to Fiscal Year 2010 was due to a failure to make prompt payments by the Illinois Office of the Comptroller resulting in interest being owed to vendors.

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Two Years Ended June 30, 2011

Significant variations in receipts are considered to be those varying between years by more than 20% and \$200.

Fiscal Year 2010 to 2011

General Revenue Fund - 001

Prior Year Refund: Decreased \$1,711 (100%)

The decrease is due to a prior payroll correction from late Fiscal Year 2009, which was refunded to the Office in Fiscal Year 2010. There were no instances of this in Fiscal Year 2011.

Fiscal Year 2009 to 2010

General Revenue Fund - 001

Repay to State: Decreased \$222 (30%)

During Fiscal Year 2009, the Office received three repayments to the State in the amounts of \$188, \$225, and \$320 for a total of \$733. During Fiscal Year 2010, the Office only received one repayment to the State in the amount of \$511 from a vendor due to an overpayment on the Office's account.

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2011

Fiscal Year 2011

Our testing of lapse period expenditures for the fiscal year ended June 30, 2011 did not disclose any appropriation line items for Fiscal Year 2011 with significant (20% or more) lapse period expenditures.

Fiscal Year 2010

Our testing of lapse period expenditures for the fiscal year ended June 30, 2010 disclosed three appropriation line items for Fiscal Year 2010 with significant (20% or more) lapse period expenditures as scheduled below.

<u>EXPENDITURE ITEM</u>	<u>TOTAL EXPENDITURES</u>	<u>LAPSE PERIOD EXPENDITURES</u>	<u>PERCENTAGE</u>
Commodities	\$37,055	\$10,246	28%
Operation of Automotive Equipment	\$30,895	\$7,136	23%
Interest Prompt Payment	\$17,309	\$6,174	36%

Office personnel provided the following explanations for the significant lapse period variations identified above.

General Revenue Fund - 001

Commodities

The lapse period spending was due to the Office receiving and processing office supply invoices after June 30, 2010, for supplies received during Fiscal Year 2010.

Operation of Automotive Equipment

The lapse period spending was due to vehicle repairs and maintenance invoices from Fiscal Year 2010 being received and paid after June 30, 2010.

Interest Prompt Payment

The lapse period spending was due to the timing of payments processed by the Office of the Comptroller. Cash flow issues at the statewide level affected the Office of the Comptroller's ability to timely process payments to vendors, resulting in interest payments owed to vendors.

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Two Fiscal Years Ended June 30, 2011

**FUNCTIONS**

The Office of Executive Inspector General for the Agencies of the Illinois Governor (Office) was established as an independent State agency charged with investigating allegations of fraud, waste, abuse, mismanagement, misconduct, nonfeasance, misfeasance, malfeasance, and conduct proscribed by the Illinois State Officials and Employees Ethics Act (Act) (5 ILCS 430). During the two fiscal years ended June 30, 2011, the Office possessed jurisdiction over approximately 160,000 officers, employees and appointees of 40 State agencies, nine public universities and more than 300 boards and commissions, as well as vendors and others doing business with those State agencies, universities, boards, and commissions.

The Office is responsible for administering four major programs: investigations, revolving door determinations, hiring monitoring, and ethics training.

***Investigations Division***

The Office receives and investigates allegations of violations of the Act. Allegations are determined to be either founded or unfounded based on the Office's investigation. If unfounded, the Office prepares a summary report that is provided to the Executive Ethics Commission (EEC). If the allegation is deemed to be founded, the Office will submit a summary report to the affected State agency, board or university and to the Governor's office or other ultimate jurisdictional authority. The Office only has the ability to recommend that an agency take disciplinary and/or corrective action – it cannot require that such action be taken. The Act contains provisions that govern the public release of summary reports by the EEC. All reports and investigative material gathered by the Office are subject to confidentiality requirements and are exempt from the Freedom of Information Act.

If a founded report involves a violation of the Ethics Act, then the Office may forward a copy of the report to the Attorney General's office requesting the Attorney General file an administrative proceeding before the Executive Ethics Commission. When an administrative proceeding is commenced, the Office is a party to the proceeding, and assists the Attorney General in prosecuting the matter.

***Revolving Door Determinations***

The Revolving Door Prohibition (5 ILCS 430/5-45) forbids certain former State employees or their immediate family members from taking jobs or compensation from entities that were subject to licensing, regulatory or contract decisions involving the State employee. Revolving Door determinations are investigated by the Complaints and Compliance staff, and all determinations are authorized by the Chief of Staff and General Counsel and/or the Executive Inspector General.

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Two Fiscal Years Ended June 30, 2011

***Hiring Monitoring***

The Office investigates hiring practices and employment decisions of State agencies within the Office's jurisdiction in order to ensure agency compliance with State and federal laws.

***Ethics Training and Compliance***

The Office sets standards for and determines the hours and frequency of ethics training for the employees, appointees, and officials under its jurisdiction. These standards specify the format for and subject matter of ethics training for various categories of employees.

The Office and the EEC, in consultation with the Office of the Attorney General, are statutorily responsible for overseeing ethics training. In practice, the Office produces multiple forms of ethics training used by many of the State agencies, boards, and commissions under its jurisdiction and oversees the production and implementation of ethics training by the State public universities. The Office requests and receives reports from each State agency, board, or public university under the Office's jurisdiction regarding its employees' compliance with the training requirements. As appropriate, the Office makes recommendations for disciplinary or administrative action to ensure employee compliance.

**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 its statutory responsibilities in a timely and efficient manner.

The Office has regular management meetings, usually once per month, led by the Executive Inspector General. Prior to the meetings, a management agenda is created that contains information managers identify for inclusion, which is distributed prior to the meetings. At management meetings, staff members discuss fiscal, personnel, and other general issues. Pending investigations and special projects, such as the personnel manual, policy manuals, annual reports, and proposed content of the Office's monthly electronic newsletter are also discussed.

The Chief Financial and Compliance Officer (CFO) is responsible for preparing an annual budget based on Office requirements and needs. The Executive Inspector General, Chief of Staff and General Counsel, and First Deputy Inspector General review and approve the budget. The CFO monitors the budget by comparing actual expenditures to budgeted expenditures. Variances are discussed at the end of each month with the Executive Inspector General and appropriate senior staff. The Office maintains a detailed organizational chart, flowcharts, and job descriptions documenting lines of responsibilities for employees.

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**AVERAGE NUMBER OF EMPLOYEES**  
For the Two Fiscal Years Ended June 30, 2011

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Office records, presents the average number of employees, by function, for the fiscal years ended June 30,

<u>Division</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Administration	4	5	8
Human Resources	3	3	0
Fiscal	2	2	3
Investigations/Legal	47	50	47
Ethics Training	4	4	4
Total average full-time employees	<u>60</u>	<u>64</u>	<u>62</u>

STATE OF ILLINOIS  
OFFICE OF EXECUTIVE INSPECTOR GENERAL  
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR  
**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**  
For the Two Fiscal Years Ended June 30, 2011

The Office of Executive Inspector General for the Agencies of the Illinois Governor (Office) maintains a statewide, toll-free hotline open 24 hours a day, seven days a week, in order to facilitate reporting of misconduct. In addition, the Office has created an online complaint form and Revolving Door form for individuals to submit information via the Internet.

The Office provides annual ethics training for State employees. Training can be administered online and offline. The online training is an interactive program consisting of scenario-based lessons, self-assessment questions, and resource references, as well as frequently asked questions and answers. The training is designed to be self-administered on a fully independent basis. The Office provides training guidelines to agencies to administer offline training. The Office provided 120,947 and 118,949 people online training and 43,601 and 44,126 people offline training in Fiscal Years 2010 and 2011, respectively, for employees under the Office’s jurisdiction.

Listed below is a compilation of complaint and investigation information reported for Fiscal Years 2010 and 2011.

	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2011</u>
Complaints received	1,171	2,041
Cases referred	710	1,696
Cases declined	131	291
Investigations concluded	173	304
Cases founded	69	99
Cases unfounded	77	132
Administrative closings	27	73
Complaints referred to Attorney General	20	8
Actions filed with the Executive Ethics Commission	16	6

The Office has also engaged in several initiatives designed to increase transparency. Specifically, the Office began publishing a monthly electronic newsletter, entitled “Illinois Ethics Matters,” participating in numerous outreach activities, and conducting meetings with agency heads, legislators and community and public interest organizations.