

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

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2013

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

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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, 2013

AGENCY OFFICIALS

Executive Inspector General	Mr. Ricardo Meza
Chief of Staff (2/1/2014 - Current)	Mr. David Keahl
Chief of Staff (6/6/2011 – 1/31/2014)	Mr. Cole Kain
Deputy Chief of Staff (11/16/2013 – 1/31/2014)	Mr. David Keahl
General Counsel (3/1/2014 – Current)	Mr. Daniel Hurtado
General Counsel (6/6/2011 – 2/21/2014)	Mr. Cole Kain
Director of Ethics Training and Compliance	Mr. David Keahl
Deputy Inspector General and Chief of Chicago Division (12/5/2011 – Current)	Ms. Erin Bonales
Deputy Inspector General and Chief of Springfield Division (7/22/2013 – Current)	Ms. Laura Bautista
Deputy Inspector General and Chief of Springfield Division (2/5/2011 – 7/2/2013)	Mr. Neil Olson
Deputy Inspector General and Chief of Regional Transit Board Division (6/17/2013 – Current)	Ms. Fallon Opperman
Deputy Inspector General and Chief of Regional Transit Board Division (2/1/2013 – 5/17/2013)	Mr. James Bonk
Chief Financial and Compliance Officer	Ms. Rochelle Hardy
Director of Human Resources	Ms. Wendy Washington
Special Counsel (12/5/2011 – 2/28/2014)	Ms. Susan Haling
Special Counsel (7/16/2012 – 2/28/2014)	Mr. Daniel J. Hurtado

Offices are located at:

69 W. Washington, Suite 3400
Chicago, IL 60602

607 East Adams Street, 14th Floor
Springfield, IL 62701



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

69 WEST WASHINGTON STREET, SUITE 3400
CHICAGO, ILLINOIS 60602
(312) 814-5600

March 6, 2014

MANAGEMENT ASSERTION LETTER

Honorable William G. Holland
Auditor General
Iles Park Plaza
740 East Ash Street
Springfield, Illinois 62703-3154

Dear Mr. 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. 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 Office of Executive Inspector General for the Agencies of the Illinois Governor's compliance with the following assertions during the two-year period ended June 30, 2013. Based on this evaluation, we assert that during the years ended June 30, 2012 and June 30, 2013, the Office of Executive Inspector General for the Agencies of the Illinois Governor has materially complied with the assertions below.

- A. The 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 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 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 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 Office of Executive Inspector General for the Agencies of the Illinois Governor on behalf of the State or held in trust by the 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.

Yours truly,

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



Ricardo Meza
Executive Inspector General



Rochelle M. Hardy
Chief Financial & Compliance Officer



Daniel Hurtado
General Counsel

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

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>
	<u>Report</u>	<u>Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	1

EXIT CONFERENCE

The Office of Executive Inspector General for the Agencies of the Illinois Governor waived having an exit conference in correspondence dated February 25, 2014 from Daniel Hurtado, Special Counsel.

SPRINGFIELD OFFICE:

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

INDEPENDENT ACCOUNTANT'S 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, 2013. 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.

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, 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, 2013.

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 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 Executive Inspector General for the Agencies of the Illinois Governor's 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 internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal*

control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

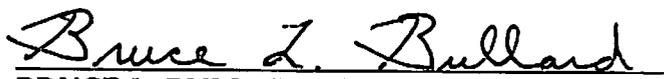
As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter.

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, 2013 and June 30, 2012 in Schedules 1 through 9 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, 2013 and June 30, 2012 accompanying supplementary information in Schedules 1 through 9. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2011 accompanying supplementary information in Schedules 3 through 8 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 Office 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

Springfield, Illinois
March 6, 2014

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

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 2013
 - Schedule of Appropriations, Expenditures and Lapsed Balances – Fiscal Year 2012
 - 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 (Not Examined):
 - Agency Functions and Planning Program (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, 2013 and June 30, 2012 in Schedules 1 through 9. 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

SCHEDULE 1

OFFICE OF EXECUTIVE INSPECTOR GENERAL
 FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 Appropriations for Fiscal Year 2013

Fourteen Months Ended August 31, 2013

P.A. 97-0727	Appropriations (Net After Transfers)	Expenditures Through 6/30/2013	Lapse Period Expenditures 7/01 - 8/31/13	Total Expenditures	Balances Lapsed
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Operating Expenses of the Office of the Executive Inspector General	\$ 5,772,000	\$ 5,272,247	\$ 116,931	\$ 5,389,178	\$ 382,822
Subtotal - Fund 001	\$ 5,772,000	\$ 5,272,247	\$ 116,931	\$ 5,389,178	\$ 382,822
PUBLIC TRANSPORTATION FUND - 627					
Operating Expenses of the Office of the Executive Inspector General	\$ 1,493,100	\$ 1,135,583	\$ 15,010	\$ 1,150,593	\$ 342,507
Subtotal - Fund 627	\$ 1,493,100	\$ 1,135,583	\$ 15,010	\$ 1,150,593	\$ 342,507
TOTAL-ALL APPROPRIATED FUNDS	\$ 7,265,100	\$ 6,407,830	\$ 131,941	\$ 6,539,771	\$ 725,329

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Office's records and have been reconciled to the State Comptroller records.

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

SCHEDULE 2

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 2012

Eighteen Months Ended December 31, 2012

P.A. 97-0057 & 97-0642	Appropriations (Net After Transfers)	Expenditures Through 6/30/2012	Lapse Period Expenditures 7/01 - 12/31/12	Total Expenditures	Balances Lapsed
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Operating Expenses of the Office of the Executive Inspector General	\$ 5,772,000	\$ 5,214,425	\$ 58,950	\$ 5,273,375	\$ 498,625
Subtotal - Fund 001	<u>\$ 5,772,000</u>	<u>\$ 5,214,425</u>	<u>\$ 58,950</u>	<u>\$ 5,273,375</u>	<u>\$ 498,625</u>
<u>PUBLIC TRANSPORTATION FUND - 627</u>					
Operating Expenses of the Office of the Executive Inspector General	\$ 2,000,000	\$ 308,052	\$ 64	\$ 308,116	\$ 1,691,884
Subtotal - Fund 627	<u>\$ 2,000,000</u>	<u>\$ 308,052</u>	<u>\$ 64</u>	<u>\$ 308,116</u>	<u>\$ 1,691,884</u>
TOTAL-ALL APPROPRIATED FUNDS	<u>\$ 7,772,000</u>	<u>\$ 5,522,477</u>	<u>\$ 59,014</u>	<u>\$ 5,581,491</u>	<u>\$ 2,190,509</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from Office's records and have been reconciled to the State Comptroller records.

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

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

For the Fiscal Years Ended June 30, 2013, 2012, and 2011

	Fiscal Year		
	2013	2012	2011
	<u>P.A. 97-0727</u>	<u>P.A. 97-0057 & 97-0642</u>	<u>P.A. 96-0956</u>
General Revenue Fund - 001			
Appropriations (Net After Transfers)	\$ 5,772,000	\$ 5,772,000	\$ 6,931,315
Expenditures			
Operating Expenses of the Office of the Executive Inspector General	5,389,178	5,273,375	5,325,988
Total Expenditures	\$ 5,389,178	\$ 5,273,375	\$ 5,325,988
Lapsed Balances	<u>\$ 382,822</u>	<u>\$ 498,625</u>	<u>\$ 1,605,327</u>
Public Transportation Fund - 627			
Appropriations (Net After Transfers)	\$ 1,493,100	\$ 2,000,000	\$ 0
Expenditures			
Operating Expenses of the Office of the Executive Inspector General	1,150,593	308,116	0
Total Expenditures	\$ 1,150,593	\$ 308,116	\$ 0
Lapsed Balances	<u>\$ 342,507</u>	<u>\$ 1,691,884</u>	<u>\$ 0</u>
GRAND TOTAL - ALL FUNDS			
Appropriations (Net After Transfers)	\$ 7,265,100	\$ 7,772,000	\$ 6,931,315
Total Expenditures	6,539,771	5,581,491	5,325,988
Lapsed Balances	<u>\$ 725,329</u>	<u>\$ 2,190,509</u>	<u>\$ 1,605,327</u>
State Officers Salaries			
Appropriations:			
Executive Inspector General - Governor	\$ 150,200	\$ 150,200	\$ 150,200
Expenditures:			
Executive Inspector General - Governor	\$ 150,168	\$ 150,168	\$ 143,667
Lapsed Balances	<u>\$ 32</u>	<u>\$ 32</u>	<u>\$ 6,533</u>

Note 1: 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 2: 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, 2013

SCHEDULE 4

	Equipment
Balance at July 1, 2011	\$ 794,364
Additions	8,037
Deletions	-
Net Transfers	(91,649)
Balance at June 30, 2012	\$ 710,752
Balance at July 1, 2012	\$ 710,752
Additions	17,553
Deletions	(1,047)
Net Transfers	(72,999)
Balance at June 30, 2013	\$ 654,259

Note: This schedule has been derived from Office records, which were reconciled to property reports submitted to the Office of the State Comptroller.

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

SCHEDULE 5

<u>GENERAL REVENUE FUND - 001</u>	<u>2013</u>	<u>Fiscal Year 2012</u>	<u>2011</u>
Reimbursements for Jury Duty and Recoveries	\$ 136	\$ 412	\$ 81
Miscellaneous	-	61	79
Repayment to State	1,043	259	497
Total Receipts	<u>\$ 1,179</u>	<u>\$ 732</u>	<u>\$ 657</u>

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS
REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Year Ended June 30,

SCHEDULE 6

<u>GENERAL REVENUE FUND - 001</u>	2013	Fiscal Year 2012	2011
Receipts, per Office Records	\$ 1,179	\$ 732	\$ 657
Add: Deposits in Transit, Beginning of Year	20	-	-
Less: Deposits in Transit, End of Year	-	(20)	-
Deposits, Recorded by the State Comptroller	\$ 1,199	\$ 712	\$ 657

STATE OF ILLINOIS SCHEDULE 7
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, 2013

The following is a summary of explanations for significant variations in expenditures. Variations between fiscal years were considered significant if greater than \$10,000 and 20%.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2013 AND 2012

Public Transportation Fund - 627

Expenditures related to Operating Expenses increased 273%. This was due to the Office having been given jurisdiction over the Regional Transit Boards (RTBs) effective July 1, 2011 (beginning of FY12). However, the Office did not receive an appropriation from the Public Transportation Fund (PTF) until December 2011, six months into FY12. PTF expenditures for FY12 were only for a six-month period, while PTF expenditures for FY13 were for the entire year.

The Office expanded its RTB Investigative Division in FY13. Created in January 2012, the Division had seven employees that worked during the last half of FY12. In FY13, the Division had twelve employees that worked some or all of FY13. The additional staff in FY13 resulted in increased personal services expenditures (employee salaries, retirement contributions, Social Security/Medicare contributions, and employer contributions for group insurance).

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2012 AND 2011

Public Transportation Fund – 627

Expenditures related to Operating Expenses increased 100%. This was due to the Governor, on February 14, 2011, signing legislation giving the Office jurisdiction over the RTBs effective July 1, 2011 (beginning of FY12). The Office did not have a PTF budget prior to FY12 as it did not have jurisdiction over the RTBs.

The General Assembly did not allocate funds to the PTF until December 2011. Accordingly, the Office expended funds from the PTF for only six months of FY12. Expenditures were mostly related to the establishment of RTB Investigative Division in January 2012.

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, 2013

SCHEDULE 8

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

FISCAL YEARS 2012 to 2013

General Revenue Fund - 001

Reimbursements for Jury Duty and Recoveries: Decreased \$276 (67%)

During Fiscal Year 2013, the Office received decreased reimbursements for Jury Duty from seven Office employees. During Fiscal Year 2012, the Office received reimbursements for Jury Duty from eight Office employees.

Repayment to State: Increased \$784 (303%)

During Fiscal Year 2013, the Office received increased vendor refunds for deposit to the State from two vendors for a duplicate payment and an overpayment. During Fiscal Year 2012, the Office received vendor refunds for deposit to the State from one vendor for a refund of professional membership fees.

FISCAL YEARS 2011 to 2012

General Revenue Fund - 001

Reimbursements for Jury Duty and Recoveries: Increased \$331 (409%)

During Fiscal Year 2012, the Office received increased reimbursements for Jury Duty from eight Office employees. During Fiscal Year 2011, the Office received reimbursements for Jury Duty from five Office employees.

Repayment to State: Decreased \$238 (48%)

During Fiscal Year 2012, the Office received decreased vendor refunds for deposit to the State from one vendor for a refund of professional membership fees. During Fiscal Year 2011, the Office received vendor refunds for deposit to the State from three vendors for reimbursement of registration fees, a refund of professional membership fees, and a refund for cancellation of services.

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, 2013

SCHEDULE 9

FISCAL YEARS 2013 AND 2012

Our testing of lapse period expenditures for the fiscal years ended June 30, 2013 and June 30, 2012 did not disclose any appropriation line items with significant (20% or more) lapse period expenditures.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2013

FUNCTIONS

The Office of Executive Inspector General (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, 2013, the Office possessed jurisdiction over approximately 175,000 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 and compliance.

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 has the authority only 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 that 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.

Regional Transit Board Investigative Division

Effective July 1, 2011, the Office began serving as the executive inspector general for the Regional Transit Boards (RTBs), which include Metra, the Chicago Transit Authority (CTA), the Regional Transportation Authority (RTA), and Pace. The addition of the RTB investigative function resulted in the addition of more than 15,000 employees to the Office's jurisdiction. In December 2011, the Office established the Regional Transit Board Investigative Division (RTB Investigative Division), which is dedicated to investigating allegations of misconduct relating to the RTBs.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)
For the Two Years Ended June 30, 2013

Revolving Door Determinations

The revolving door prohibition (5 ILCS 430/5-45) forbids 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, Special Counsel and/or the Executive Inspector General.

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 employment 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. Those 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 Attorney General, are statutorily responsible for overseeing ethics training. The Office produces multiple forms of ethics training used by many of the agencies, boards, and commissions under its jurisdiction and oversees the production and implementation of ethics training by the State public universities and the Regional Transit Boards. The Office requests and receives reports from each agency, board, and public university under the Office's jurisdiction regarding ethics training compliance. 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 discusses 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.

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The Chief Financial and Compliance Officer (CFCO) is responsible for preparing an annual budget based on Office requirements and needs. The Executive Inspector General and Chief of Staff and General Counsel review and approve the budget. The CFCO 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
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AVERAGE NUMBER OF EMPLOYEES (NOT EXAMINED)
For the Two Years Ended June 30, 2013

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>2013</u>	<u>2012</u>	<u>2011</u>
Administration	6	5	4
Fiscal	3	3	3
Human Resources	3	2	2
Investigations/Legal	57	50	47
Ethics Training	3	4	4
Total average full-time employees	<u>72</u>	<u>64</u>	<u>60</u>

STATE OF ILLINOIS
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SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
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The Office of Executive Inspector General (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.

As required by the State Officials and Employees Ethics Act, the Office sets standards for and provides oversight to initial and annual ethics training for individuals under its jurisdiction. In addition, the Office produces various ethics training course materials and manages a learning management system used by entities under the governor and lieutenant governor to conduct ethics training for their employees and appointees. The Office provided oversight to approximately 195,395 ethics training course sessions in Fiscal Year 2012 and 185,534 ethics training course sessions in Fiscal Year 2013.

Listed below is a compilation of complaint and investigation information reported for Fiscal Years 2012 and 2013.

	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2013</u>
Complaints received	2,492	2,809
Cases referred	2,094	2,580
Cases declined	228	345
Investigations concluded	135	126
Cases founded	38	30
Cases unfounded	79	56
Administrative closings	18	40
Complaints referred to Attorney General	6	3
Actions filed with the Executive Ethics Commission	0	4

The Office has also engaged in several initiatives designed to increase transparency and enhance efficiency and effectiveness. Specifically, the Office publishes a monthly electronic newsletter, entitled "Illinois Ethics Matters," participates in numerous outreach activities, and conducts meetings with agency heads, legislators, and community and public interest organizations.

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In December 2011, the Office established a Regional Transportation Board Investigative Division, which is devoted solely to investigating matters relating to the four Chicago area regional transit boards (Regional Transportation Authority, Metra, Pace, and Chicago Transit Authority).

In December 2012, the Office created a Grant Review Initiative Team (GRIT) specifically designed to root out and investigate waste, fraud, or misuse of grants administered by State agencies.