

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

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2015

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

TABLE OF CONTENTS

		<u>Page</u>
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
Supplementary Information for State Compliance Purposes:	Schedule	
Summary		8
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures and Lapsed Balances - Fiscal Year 2015	1	9
Schedule of Appropriations, Expenditures and Lapsed Balances - Fiscal Year 2014	2	10
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	3	11
Schedule of Changes in State Property	4	12
Comparative Schedule of Cash Receipts	5	13
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller	6	14
Analysis of Significant Variations in Expenditures	7	15
Analysis of Significant Variations in Receipts	8	16
Analysis of Significant Lapse Period Spending	9	17
Analysis of Operations (Not Examined)		
Agency Functions and Planning Program (Not Examined)		18
Average Number of Employees (Not Examined)		21
Memoranda of Understanding (Not Examined)		22
Service Efforts and Accomplishments (Not Examined)		23

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

AGENCY OFFICIALS

Executive Inspector General
Acting (effective 7/13/2015)
Acting (4/20/2015 - 7/12/2015)
(through 4/19/2015)

Ms. Margaret Hickey
Mr. Thomas Klein
Mr. Ricardo Meza

General Counsel
(effective 3/1/2014)
(through 2/21/2014)

Mr. Daniel Hurtado
Mr. Cole Kain

Deputy Inspector General and Chief of Chicago Division
(effective 2/2/2015)
(3/22/2014 - 2/1/2015)
(through 3/21/2014)

Vacant
Ms. Fallon Opperman
Ms. Erin Bonales

Deputy Inspector General and Chief of Springfield Division
(effective 2/2/2015)
(1/1/2015 - 2/1/2015)
(7/22/2013 – 12/31/2014)
(7/3/2013 - 7/21/2013)
(through 7/2/2013)

Mr. Thomas Klein
Vacant
Ms. Laura Bautista
Vacant
Mr. Neil Olson

Deputy Inspector General and Chief of Regional Transit Board Division
(effective 2/3/2015)
(through 2/1/2015)

Mr. Brandon Myers
Ms. Fallon Opperman

Director of Ethics Training and Compliance
(effective 5/27/2014)
(through 5/25/2014)

Mr. David Morrison
Mr. David Keahl

Chief Financial and Compliance Officer
(effective 11/3/2014)
(9/5/2014 - 11/2/2014)
(3/25/2014 - 9/4/2014)
(through 3/24/2014)

Ms. Claudia Ortega
Vacant
Mr. Joie Devoney
Ms. Rochelle Hardy

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

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

May 4, 2016

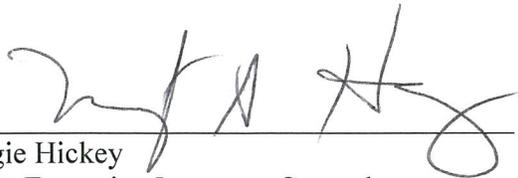
Dear Mr. Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Office of Executive Inspector General for the Agencies of the Illinois Governor (Office). 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's compliance with the following assertions during the two-year period ended June 30, 2015. Based on this evaluation, we assert that during the years ended June 30, 2015 and June 30, 2014, the Office has materially complied with the assertions below.

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

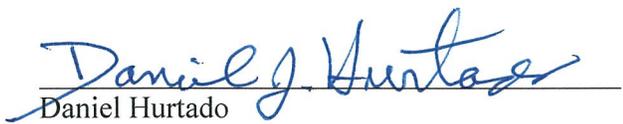
Yours truly,
Office of Executive Inspector General
for the Agencies of the Illinois Governor



Maggie Hickey
Acting Executive Inspector General



Claudia Ortega
Chief Financial and 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, 2015

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	0

EXIT CONFERENCE

The engagement results were discussed with the Office personnel at an exit conference on May 3, 2016. Attending were:

Office of the Executive Inspector General For the Agencies of the Governor

Margaret Hickey, Acting Executive Inspector General
Claudia Ortega, Chief Financial and Compliance Officer
Daniel Hurtado, General Counsel
Srikishan Varadaraj, Accounting Specialist

Office of the Auditor General

José G. Roa, OAG Audit Manager

SPRINGFIELD OFFICE:

ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217/782-6046
FAX: 217/785-8222 • TTY: 888/261-2887
FRAUD HOTLINE: 1-855-217-1895



CHICAGO OFFICE:

MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006
FRAUD HOTLINE: 1-855-217-1895

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 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, 2015. 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, 2015.

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, 2015 and June 30, 2014 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, 2015 and June 30, 2014 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, 2013 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 the Office of Executive Inspector General for the Agencies of the Illinois Governor 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
May 4, 2016

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

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 2015
 - Schedule of Appropriations, Expenditures and Lapsed Balances – Fiscal Year 2014
 - 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)
 - Memoranda of Understanding (Not Examined)
 - Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2015 and June 30, 2014 accompanying supplementary information 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 2015

Fourteen Months Ended August 31, 2015

P.A. 98-0679 P.A. 99-0001	Appropriations	Expenditures	Lapse Period	Total	Balances Lapsed
		Through 6/30/2015	Expenditures 7/01 - 8/31/15		
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Operating Expenses of the Office of the Executive Inspector General	\$ 5,793,900	\$ 5,217,141	\$ 88,346	\$ 5,305,487	\$ 488,413
Subtotal - Fund 001	\$ 5,793,900	\$ 5,217,141	\$ 88,346	\$ 5,305,487	\$ 488,413
<u>PUBLIC TRANSPORTATION FUND - 627</u>					
Operating Expenses of the Office of the Executive Inspector General	\$ 1,610,800	\$ 959,884	\$ 4,847	\$ 964,731	\$ 646,069
Subtotal - Fund 627	\$ 1,610,800	\$ 959,884	\$ 4,847	\$ 964,731	\$ 646,069
TOTAL-ALL APPROPRIATED FUNDS	\$ 7,404,700	\$ 6,177,025	\$ 93,193	\$ 6,270,218	\$ 1,134,482

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the 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 2014

Fourteen Months Ended August 31, 2014

P.A. 98-0064	Appropriations	Expenditures Through 6/30/2014	Lapse Period Expenditures 7/01 - 8/31/14	Total Expenditures	Balances Lapsed
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Operating Expenses of the Office of the Executive Inspector General	\$ 5,927,300	\$ 5,502,348	\$ 73,296	\$ 5,575,644	\$ 351,656
Subtotal - Fund 001	<u>\$ 5,927,300</u>	<u>\$ 5,502,348</u>	<u>\$ 73,296</u>	<u>\$ 5,575,644</u>	<u>\$ 351,656</u>
<u>PUBLIC TRANSPORTATION FUND - 627</u>					
Operating Expenses of the Office of the Executive Inspector General	\$ 1,610,800	\$ 1,227,711	\$ 8,686	\$ 1,236,397	\$ 374,403
Subtotal - Fund 627	<u>\$ 1,610,800</u>	<u>\$ 1,227,711</u>	<u>\$ 8,686</u>	<u>\$ 1,236,397</u>	<u>\$ 374,403</u>
TOTAL-ALL APPROPRIATED FUNDS	<u>\$ 7,538,100</u>	<u>\$ 6,730,059</u>	<u>\$ 81,982</u>	<u>\$ 6,812,041</u>	<u>\$ 726,059</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the 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.

STATE OF ILLINOIS
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, 2015, 2014, and 2013

SCHEDULE 3

	Fiscal Year		
	2015	2014	2013
	P.A. 99-0001 P.A. 98-0679	P.A. 98-0064	P.A. 97-0727
General Revenue Fund - 001			
Appropriations	\$ 5,793,900	\$ 5,927,300	\$ 5,772,000
Expenditures			
Operating Expenses of the Office of the Executive Inspector General	5,305,487	5,575,644	5,389,178
Total Expenditures	\$ 5,305,487	\$ 5,575,644	\$ 5,389,178
Lapsed Balances	\$ 488,413	\$ 351,656	\$ 382,822
Public Transportation Fund - 627			
Appropriations	\$ 1,610,800	\$ 1,610,800	\$ 1,493,100
Expenditures			
Operating Expenses of the Office of the Executive Inspector General	964,731	1,236,397	1,150,593
Total Expenditures	\$ 964,731	\$ 1,236,397	\$ 1,150,593
Lapsed Balances	\$ 646,069	\$ 374,403	\$ 342,507
GRAND TOTAL - ALL FUNDS			
Appropriations	\$ 7,404,700	\$ 7,538,100	\$ 7,265,100
Total Expenditures	6,270,218	6,812,041	6,539,771
Lapsed Balances	\$ 1,134,482	\$ 726,059	\$ 725,329
State Officers Salaries			
Appropriations:			
Executive Inspector General - Governor	\$ 150,200	\$ 150,200	\$ 150,200
Expenditures:			
Executive Inspector General - Governor	\$ 120,031	\$ 150,168	\$ 150,168
Lapsed Balances	\$ 30,169	\$ 32	\$ 32

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, 2015

SCHEDULE 4

	Equipment
Balance at July 1, 2013	\$ 654,259
Additions	10,084
Deletions	(575)
Net Transfers	-
Balance at June 30, 2014	\$ 663,768
Balance at July 1, 2014	\$ 663,768
Additions	23,087
Deletions	(534)
Net Transfers	(7,887)
Balance at June 30, 2015	\$ 678,434

Note: This schedule has been derived from Office 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>2015</u>	<u>Fiscal Year 2014</u>	<u>2013</u>
Reimbursements for Jury Duty and Recoveries	\$ 109	\$ 174	\$ 136
Miscellaneous	373	712	-
Repayment to State	-	-	1,043
Total Receipts	<u>\$ 482</u>	<u>\$ 886</u>	<u>\$ 1,179</u>

STATE OF ILLINOIS SCHEDULE 6
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,

	2015	Fiscal Year 2014	2013
Receipts, per Office Records	\$ 482	\$ 886	\$ 1,179
Add: Deposits in Transit, Beginning of Year	-	-	20
Less: Deposits in Transit, End of Year	-	-	-
Deposits, Recorded by the State Comptroller	\$ 482	\$ 886	\$ 1,199

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, 2015

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 2015 AND 2014

Public Transportation Fund - 627

Operating Expenses of the Office of the Executive Inspector General

Expenditures related to operating expenses decreased 22%. This decrease was due to unfilled vacancies in the Regional Transit Board (RTB) Division. In Fiscal Year 2015, the number of full-time employees in the RTB Division decreased from 11 to 7, resulting in less payroll expenses.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2014 AND 2013

No significant variances were noted between Fiscal Year 2014 and Fiscal Year 2013.

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, 2015

SCHEDULE 8

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

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

General Revenue Fund - 001

Miscellaneous Reimbursements: Decrease \$339 (48%)

During Fiscal Year 2014, the Office received two vendor refund/reimbursement checks, totaling \$512 and returned \$200 of its petty cash fund to the State. In Fiscal Year 2015, the Office received one refund/reimbursement check totaling \$373 for Ethics Training services.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2014 AND 2013

General Revenue Fund - 001

Miscellaneous Reimbursements: Increase \$712 (100%)

During Fiscal Year 2013, the Office received zero vendor refund/reimbursement checks. In Fiscal Year 2014, the Office received two vendor refund/reimbursement checks, totaling \$512 and returned \$200 of its petty cash fund to the State.

Repay to State: Decrease \$1,043 (100%)

During Fiscal Year 2013, the Office received two refunds of a duplicate payment and deposit to the State in the amount of \$1,043 compared to Fiscal Year 2014, when the Office received zero refunds of duplicate payments.

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, 2015

SCHEDULE 9

FISCAL YEARS 2015 AND 2014

Our testing of lapse period expenditures for the fiscal years ended June 30, 2015 and June 30, 2014 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, 2015

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 prescribed by the Illinois State Officials and Employees Ethics Act (Act) (5 ILCS 430). During the two fiscal years ended June 30, 2015, the Office's jurisdiction included the Governor; the lieutenant governor; more than 300 executive branch state agencies; departments; and boards; nine public state universities; and the four regional transit boards (the Regional Transportation Authority, the Chicago Transit Authority, Metra, and Pace); comprising of more than 170,000 public employees; appointees and officials.

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, 2015

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.

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, 2015

The Director of Finance and Administration (DFA) is responsible for preparing an annual budget based on the Office's requirements and needs. The Executive Inspector General, Chief of Staff, and General Counsel review and approve the budget. The DFA 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 (NOT EXAMINED)
For the Two Years Ended June 30, 2015

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>2015</u>	<u>2014</u>	<u>2013</u>
Administration	6	6	6
Fiscal	3	4	3
Human Resources	3	3	3
Investigations/Legal	56	59	57
Ethics Training	3	3	3
	<hr/>	<hr/>	<hr/>
Total average full-time employees	<u>71</u>	<u>75</u>	<u>72</u>

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
MEMORANDA OF UNDERSTANDING (NOT EXAMINED)
For the Two Years Ended June 30, 2015

MEMORANDA OF UNDERSTANDING

The Office of the Executive Inspector General (Office) had three Memoranda of Understanding (MOUs) during the examination period. These MOUs were between the Office and the Office of the Governor (Governor), the Illinois Department of Revenue (IDOR), and the Illinois Department of Corrections (IDOC) and Illinois State Police (ISP).

The MOU between the Office and the Governor was entered into on October 10, 2012. The purpose of the MOU is to set forth an understanding for a procedure to permit the Office to fulfill its statutory duties and conduct timely, thorough, and independent investigations of allegations that may involve the collection of electronic data contained on digital devices, while at the same time allowing the Governor's Office and agencies, boards, and commissions under the jurisdiction of the Governor to maintain, assert, and not waive certain privileges and protections such as the attorney-client communication privilege and attorney work product, on electronic data contained on digital devices seized by the Office from the Governor's Office or any agency during the course of an official investigation. Furthermore, the MOU discusses procedures which apply to the seizure of a digital device under agency control by the Office.

The MOU between the Office and IDOR was entered into on April 22, 2005. The MOU explains the Office is to protect the confidentiality of information it receives including information about its investigations, confidential informants, whistleblowers, documents, and other sensitive information. Also, the MOU explains that during the course of an investigation, the Office may require access to records or information held by IDOR which is classified as confidential by law or the internal policy of IDOR. Pursuant to the MOU, the Director of IDOR authorizes the disclosure of such information to the Office as necessary and to the extent required to fulfill the Office's responsibilities under the State Officials and Employees Ethics Act. It is the responsibility of the Office to maintain the confidentiality of documents which are obtained from IDOR. An unauthorized disclosure of confidential taxpayer and tax return information is considered a criminal offense pursuant to State and federal statutes.

The MOU between the Office, IDOC, and ISP was entered into on May 14, 2010. The purpose of the MOU is to clarify the types of cases which will be investigated by ISP, IDOC, and the Office, in addition to those listed in Section III of Administrative Order #6 (2003). Allegations of incidents that are not specifically enumerated in the agreement, Illinois State Officials and Employees Ethics Act, and Administrative Order #6 (2003), must be promptly reported directly to the Office by IDOC.

The three MOUs have not changed since the original agreement dates and the Office has not entered into any additional MOUs.

STATE OF ILLINOIS
OFFICE OF EXECUTIVE INSPECTOR GENERAL
FOR THE AGENCIES OF THE ILLINOIS GOVERNOR
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Two Years Ended June 30, 2015

The Office of Executive Inspector General (OEIG) 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 OEIG 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 (5 ILCS 430/5-10), the OEIG sets standards for and provides oversight to initial and annual ethics training for individuals under its jurisdiction. In addition, the OEIG 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 OEIG provided oversight to approximately 191,369 ethics training course sessions in Fiscal Year 2014 and 199,514 ethics training course sessions in Fiscal Year 2015.

Listed below is a compilation of complaint and investigation information reported for Fiscal Years 2014 and 2015.

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>
Complaints received	2,521	2,721
Cases referred	2,108	2,275
Cases declined	242	242
Investigations concluded	91	94
Cases founded	24	29
Cases unfounded	29	41
Administrative closings	38	24
Investigation reports publicly disclosed	19	13

The OEIG has also engaged in several initiatives designed to increase transparency and enhance efficiency and effectiveness. Specifically, the OEIG 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.

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

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