

**STATE OF ILLINOIS  
PROCUREMENT POLICY BOARD**

**COMPLIANCE EXAMINATION**

**For the Two Years Ended June 30, 2014**

STATE OF ILLINOIS  
 PROCUREMENT POLICY BOARD  
 COMPLIANCE EXAMINATION  
 For the Two Years Ended June 30, 2014

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STATE OF ILLINOIS  
PROCUREMENT POLICY BOARD  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2014

**AGENCY OFFICIALS**

Executive Director	Aaron Carter
Assistant Director	William Blount-Stephens
Chief Fiscal Officer	Timothy Fishburn (7/1/12 - 5/31/13)
Chief Fiscal Officer	Deanna Rossetto (6/1/13 - Current)

The members of the Board as of June 30, 2014 were:

- Jay Stewart, Chairman
- Ed Bedore
- Bill Black
- Larry Ivory
- Ricardo Morales

The Board's administrative office is located at:

222 South College Street, Suite 231  
Springfield, IL 62704



Chairman: Jay Stewart

Members: Ed Bedore, Ricardo Morales, Larry Ivory, Bill Black

MANAGEMENT ASSERTION LETTER

9/24/14

Honorable William G. Holland  
Auditor General  
740 East Ash Street  
Springfield, IL 62703

Auditor 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 Illinois Procurement Policy Board (Board). 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 Board's compliance with the following assertions during the two-year period ended June 30, 2014. Based on this evaluation, we assert that during the years ended June 30, 2013 and June 30, 2014, the Board has materially complied with the assertions below.

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

Yours truly,

Illinois Procurement Policy Board



Aaron Carter, Executive Director



Deanna Rossetto, Fiscal Officer

STATE OF ILLINOIS  
PROCUREMENT POLICY BOARD  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2014

**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 Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	5

**EXIT CONFERENCE**

The Illinois Procurement Policy Board declined an exit conference in correspondence dated September 24, 2014.

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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 Illinois Procurement Policy Board'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, 2014. The management of the Illinois Procurement Policy Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois Procurement Policy Board's compliance based on our examination.

- A. The Illinois Procurement Policy Board 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 Illinois Procurement Policy Board 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 Illinois Procurement Policy Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Illinois Procurement Policy Board'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 Illinois Procurement Policy Board's compliance with specified requirements.

In our opinion, the Illinois Procurement Policy Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2014.

### **Internal Control**

Management of the Illinois Procurement Policy Board 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 Illinois Procurement Policy Board'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 Illinois Procurement Policy Board's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Illinois Procurement Policy Board'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.

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

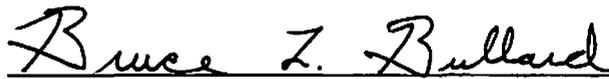
### **Supplementary Information for State Compliance Purposes**

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 for the years ended June 30, 2014 and June 30, 2013 in Schedules 1 through 6 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2014 and June 30, 2013 accompanying supplementary information in

Schedules 1 through 6. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2012 accompanying supplementary information in Schedules 3 through 5 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, and the Illinois Procurement Policy Board 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

September 24, 2014

STATE OF ILLINOIS  
PROCUREMENT POLICY BOARD  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2014

**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
  - Analysis of Significant Variations in Expenditures
  - 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, 2014 and June 30, 2013 accompanying supplementary information in Schedules 1 through 6. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS  
 PROCUREMENT POLICY BOARD  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
 Appropriations for the 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
<b>GENERAL REVENUE FUND - 001</b>					
Ordinary and Contingent Expenses	\$ 474,700	\$ 469,718	\$ 4,404	\$ 474,122	\$ 578
<b>Total General Revenue Fund</b>	<u>\$ 474,700</u>	<u>\$ 469,718</u>	<u>\$ 4,404</u>	<u>\$ 474,122</u>	<u>\$ 578</u>

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

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

STATE OF ILLINOIS  
 PROCUREMENT POLICY BOARD  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
 Appropriations for the Fiscal Year 2013

Fourteen Months Ended August 31, 2013

P.A. 97-0726	Appropriations	Expenditures through 6/30/2013	Lapse Period Expenditures 7/01 - 8/31/13	Total Expenditures	Balances Lapsed
<b>GENERAL REVENUE FUND - 001</b>					
Ordinary and Contingent Expenses	\$ 474,700	\$ 452,121	\$ 12,157	\$ 464,279	\$ 10,421
<b>Total General Revenue Fund</b>	<u>\$ 474,700</u>	<u>\$ 452,121</u>	<u>\$ 12,157</u>	<u>\$ 464,279</u>	<u>\$ 10,421</u>

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

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

STATE OF ILLINOIS  
 PROCUREMENT POLICY BOARD  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
 EXPENDITURES AND LAPSED BALANCES**  
 For the Fiscal Years Ended June 30, 2014, 2013 and 2012

	Fiscal Year		
	2014	2013	2012
<b>General Revenue Fund - 001</b>	P.A. 98-0064	P.A. 97-0726	P.A. 97-0056
Appropriations	<u>\$ 474,700</u>	<u>\$ 474,700</u>	<u>\$ 499,900</u>
Expenditures			
Ordinary and Contingent Expenses	<u>474,122</u>	<u>464,279</u>	<u>498,585</u>
Lapsed Balances	<u><u>\$ 578</u></u>	<u><u>\$ 10,421</u></u>	<u><u>\$ 1,315</u></u>

Note: Expenditure and lapsed balances for Fiscal Year 2012 do not reflect interest payments approved by Board and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS  
 PROCUREMENT POLICY BOARD  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
 For the Fiscal Years Ended June 30,

	Fiscal Year	
	2014	2013
Beginning Balance, July 1,	\$ 26,350	\$ 26,985
Additions	988	1,313
Deletions	-	-
Net Transfers	-	(1,948)
Ending Balance, June 30,	<u>\$ 27,338</u>	<u>\$ 26,350</u>

Note: This schedule was prepared from the Board's records and reconciled to the Agency Report of State Property Quarterly Reports.

STATE OF ILLINOIS  
PROCUREMENT POLICY BOARD  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2014

There were no significant variations in expenditures between Fiscal Years 2014, 2013, and 2012.

STATE OF ILLINOIS  
PROCUREMENT POLICY BOARD  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2014

There were no significant expenditures made during the Fiscal Year 2013 or Fiscal Year 2014 lapse period.

STATE OF ILLINOIS  
PROCUREMENT POLICY BOARD  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Two Years Ended June 30, 2014  
(Not Examined)

**FUNCTIONS**

The Procurement Policy Board (Board) is statutorily charged with the responsibility to review, comment upon, and recommend rules and practices governing the procurement, management, control and disposal of supplies, services, professional and artistic services, construction, and real property and capital improvement leases procured by the State. In particular, the Board is specifically responsible for the approval of lease renewals for State agencies and by recent legislative action the review of most State contracts prior to execution. Leases and contracts reviewed number more than 6,000 annually.

Public Act 93-839 established a contract review process by which any proposed State contract that is bid or let through the Procurement Bulletin (which is the statutorily prescribed tool for bid letting) be reviewed over a 30 day time period. The Board may waive the 30 days in order to expedite transactions but this does not abdicate the Board's review authority.

Public Act 95-536 requires the Procurement Policy Board to maintain on its official website a searchable database containing all information required to be included in the Illinois Procurement Bulletin under subsections (b) and (c) of Section 15-25. The posting of procurement information on the website is subject to the same posting as the online electronic bulletin.

From a programmatic standpoint, the Board's single mandate is the facilitation of procurement policy for the State of Illinois. In an ongoing capacity, the Board is in communication with the Chief Procurement Officers and State Purchasing Officers for the purposes of policy review and development. In this context, the Board offers assistance in the way of standardized educational seminars for staff in need of foundation level procurement education. The seminars are structured in a format that allows procurement staff members to apply the coursework towards professional certification in this field.

The Board is governed by five members appointed one each by the four legislative leaders and the Governor. As of June 30, 2014, within the Board's operations there were five employees and the statutory authority to staff accordingly in order to manage the contract review requirements of the Procurement Code. Professional and support staff are subordinate to the Executive Director and all employees function under the direction of the Board.

**PLANNING PROGRAM**

Policy development is an ongoing function of the Board. When planning for some targeted project the Executive Director and the Board members discuss cause, effect, timing, cost, and implementing issues involved. Board members meet monthly to discuss issues such as approving the Board's operational budget, authorizing the number of employees and advising and recommending policies for the operation of the Board.

STATE OF ILLINOIS  
 PROCUREMENT POLICY BOARD  
**AVERAGE NUMBER OF EMPLOYEES**  
 For the Two Years Ended June 30, 2014  
 (Not Examined)

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

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Executive Director	1	1	1
Assistant Director	1	1	0
Chief Fiscal Officer	1	1	1
Procurement Analyst	1	1	2
Executive Assistant	1	1	1
Total Average Full-Time Employees	<u>5</u>	<u>5</u>	<u>5</u>

STATE OF ILLINOIS  
 PROCUREMENT POLICY BOARD  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
 For the Two Years Ended June 30, 2014  
 (Not Examined)

Pursuant to the Illinois Procurement Code (30 ILCS 500/5-30), no contract procured above the small purchases limit may be executed until 30 days after notice of its award or letting appears in the Procurement Bulletin, without the Procurement Policy Board (Board) having the opportunity to review the proposed contract. The contracting agency may request, and the Board may agree to waive the 30-day period as necessary.

Board review occurs on proposed contracts that appear contrary to existing policy, contracts that are proposed under newly established policy and contracts that are particularly unique and do not find a ready course through existing procurement policy.

The following data provides details on the State's contracting activity in the areas of sole source, emergency, professional and artistic, and construction contracts in addition to Board reviews initiated and information requests and results for Fiscal Years 2014, 2013 and 2012.

	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2013</b>	<b>Fiscal Year 2012</b>
<b>Contracts by Procurement Approach</b>			
Alternative RFI (Real Estate)	45	15	1
Amendment / Changes	1,689	1,361	1,283
Competitive Bid (IFB, RFP, etc)	2,769	2,893	3,161
Emergency	194	394	321
Professional and Artistic Exception to RFP	53	24	0
Renewal	977	984	1,017
RFI Exempt (Real Estate)	0	42	50
Sole Source	605	696	797
State Use	<u>37</u>	<u>0</u>	<u>0</u>
<b>Total by Procurement Approach</b>	<b><u>6,369</u></b>	<b><u>6,409</u></b>	<b><u>6,630</u></b>

STATE OF ILLINOIS  
 PROCUREMENT POLICY BOARD  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
 For the Two Years Ended June 30, 2014  
 (Not Examined)

	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2013</b>	<b>Fiscal Year 2012</b>
<b>Contracts by Relevant Category</b>			
Aeronautics (DOT)	21	6	6
Commodities	486	657	722
Construction	745	735	666
Employee Benefits	14	20	19
Entertainment	0	18	44
Equipment	554	553	597
Facilities	456	586	506
General Services	884	1,011	1,186
Health and Medical Services	97	76	77
Highway Construction	2,690	2,287	2,383
Information Technology	347	387	344
Pharmaceuticals	17	6	6
Telecommunications	<u>58</u>	<u>67</u>	<u>74</u>
<b>Total by Relevant Category</b>	<b><u>6,369</u></b>	<b><u>6,409</u></b>	<b><u>6,630</u></b>
<b>Contract Extensions by Method of Procurement</b>			
Emergency	55	111	116
Sole Source	7	1	1
Other	<u>87</u>	<u>20</u>	<u>20</u>
<b>Total Extensions by Method of Procurement</b>	<b><u>149</u></b>	<b><u>132</u></b>	<b><u>137</u></b>
<b>Procurement Reviews Initiated</b>			
Competitive Selection / Other	1	0	3
<b>More Information Requested and Results</b>			
More Information Requested	771	1,094	535
Procurement Withdrawn Due to Board Inquiry	8	12	16
<b>Professional and Artistic Contracts</b>			
Professional and Artistic All Methods	337	417	458
Professional and Artistic Sole Source	33	59	90

STATE OF ILLINOIS  
 PROCUREMENT POLICY BOARD  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
 For the Two Years Ended June 30, 2014  
 (Not Examined)

	<b>Fiscal Year 2014</b>	<b>Fiscal Year 2013</b>	<b>Fiscal Year 2012</b>
<b>Sole Source Contracts by Relevant Category</b>			
Commodities	68	117	148
Construction	5	5	19
Employee Benefits	0	1	0
Entertainment	0	18	36
Equipment	191	165	171
Facilities	22	31	27
General Services	110	137	220
Health and Medical Services	5	5	5
Highway Construction	1	0	0
Information Technology	175	182	158
Pharmaceuticals	7	4	2
Telecommunications	<u>21</u>	<u>31</u>	<u>11</u>
<b>Total Sole Source Contracts by Relevant Category</b>	<b><u>605</u></b>	<b><u>696</u></b>	<b><u>797</u></b>
<b>Sole Source by Type of Agency</b>			
State Agencies	205	256	228
Higher Education	<u>400</u>	<u>440</u>	<u>569</u>
<b>Total Sole Source by Type of Agency</b>	<b><u>605</u></b>	<b><u>696</u></b>	<b><u>797</u></b>