

**STATE OF ILLINOIS
LEGISLATIVE RESEARCH UNIT
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2013

STATE OF ILLINOIS
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STATE OF ILLINOIS
LEGISLATIVE RESEARCH UNIT
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2013

AGENCY OFFICIALS

Executive Director	Mr. Alan Kroner
Associate Director	Mr. Jonathan Wolff
Deputy Director for Research	Mr. David Miller
Fiscal Officer	Ms. Cindy Bates

Agency office is located at:

222 S. College
Suite 301
Springfield, IL 62704-1894



ILLINOIS GENERAL ASSEMBLY
LEGISLATIVE RESEARCH UNIT



ALAN R. KRONER, EXECUTIVE DIRECTOR

JONATHAN P. WOLFF, ASSOCIATE DIRECTOR

MANAGEMENT ASSERTION LETTER

December 10, 2013

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

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 Legislative Research Unit. 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 Legislative Research Unit'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 Legislative Research Unit has materially complied with the assertions below.

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

Yours truly,

Legislative Research Unit



Alan R. Kroner, Executive Director



Cindy Bates, Fiscal Officer

STATE OF ILLINOIS
LEGISLATIVE RESEARCH UNIT
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 Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

EXIT CONFERENCE

The Unit waived an exit conference in correspondence dated November 25, 2013.

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 5-900
160 NORTH LASALLE - 60601-3103
PHONE: 312/814-4000
FAX: 312/814-4006
FRAUD HOTLINE: 1-855-217-1895

OFFICE OF THE AUDITOR GENERAL
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, Legislative Research Unit's (Unit) 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 Unit is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Unit's compliance based on our examination.

- A. The Unit 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 Unit 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 Unit 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 Unit 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 Unit on behalf of the State or held in trust by the Unit 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 Unit'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 Unit's compliance with specified requirements.

In our opinion, the Unit 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 Unit 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 Unit'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 Unit's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Unit'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 8 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 8. 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 7 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, the Unit's board members, and the Unit's 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

December 10, 2013

STATE OF ILLINOIS
LEGISLATIVE RESEARCH UNIT
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
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and Reconciliation 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 accompanying supplementary information in Schedules 1 through 8. 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
LEGISLATIVE RESEARCH UNIT
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For the Fiscal Year Ended June 30, 2013

Fourteen Months Ended August 31, 2013

	Appropriations (Net After Transfers)	Expenditures Through 6/30/13	Lapsed Period Expenditures		Total Expenditures	Balances Lapsed
			07/01 - 8/31/13			
Public Act 97-0726						
General Revenue Fund - 001						
Lump Sum: Operating Expenditures	\$ 2,931,000	\$ 2,589,022	\$ 104,316		\$ 2,693,338	\$ 237,662
Total Fiscal Year 2013	<u>\$ 2,931,000</u>	<u>\$ 2,589,022</u>	<u>\$ 104,316</u>		<u>\$ 2,693,338</u>	<u>\$ 237,662</u>

Note 1: Appropriations, expenditures, and lapsed balances were taken from State Comptroller records and reconciled to Agency records.

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

STATE OF ILLINOIS
LEGISLATIVE RESEARCH UNIT
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Year Ended June 30, 2012

Eighteen Months Ended December 31, 2012

	Appropriations (Net After Transfers)	Expenditures Through 6/30/12	Lapse Period Expenditures		Total Expenditures	Balances Lapsed
			07/01 - 12/31/12			
Public Act 97-0056						
General Revenue Fund - 001						
Personal Services	\$ 1,267,100	\$ 1,195,411	\$ -	\$ -	\$ 1,195,411	\$ 71,689
Employee Retirement Contributions Paid by Employer	50,700	47,814	-	-	47,814	2,886
State Contribution to Social Security	96,900	87,730	-	-	87,730	9,170
Contractual Services	625,400	618,945	5,213		624,158	1,242
Travel	11,100	-	-	-	-	11,100
Commodities	7,000	4,039	395		4,434	2,566
Printing	26,300	3,240	-		3,240	23,060
Equipment	100,800	57,183	2,982		60,165	40,635
Telecommunications	14,000	10,408	1,930		12,338	1,662
Model Illinois Government activities	7,000	6,894	-		6,894	106
New Member Conference	30,000	1,124	-		1,124	28,876
Legislative Staff Intern Program	581,400	422,953	96,223		519,176	62,224
Zeke Giorgi Memorial Staff Intern Program	113,300	84,939	17,497		102,436	10,864
Total Fiscal Year 2012	\$ 2,931,000	\$ 2,540,680	\$ 124,240		\$ 2,664,920	\$ 266,080

Note 1: Appropriations, expenditures, and lapsed balances were taken directly from State Comptroller records and reconciled to the Agency's records.

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

STATE OF ILLINOIS
LEGISLATIVE RESEARCH UNIT
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. 97-0726</u>	<u>P.A. 97-0056</u>	<u>P.A. 96-0956</u>
General Revenue Fund - 001			
Appropriations (Net After Transfers)	\$ 2,931,000	\$ 2,931,000	\$ 2,930,950
Expenditures			
Lump Sum: Operating Expenditures	\$ 2,693,338	\$ -	\$ 2,718,667
Personal Services	-	1,195,411	-
Employee Retirement Contributions Paid by Employer	-	47,814	-
State Contributions to Social Security	-	87,730	-
Contractual Services	-	624,158	-
Travel	-	-	-
Commodities	-	4,434	-
Printing	-	3,240	-
Equipment	-	60,165	-
Telecommunications	-	12,338	-
Model Illinois Government Activities	-	6,894	-
New Members Conference	-	1,124	-
Legislative Intern Program	-	519,176	-
Zeke Giorgi Memorial Staff Intern Program	-	102,436	-
Total Expenditures	<u>\$ 2,693,338</u>	<u>\$ 2,664,920</u>	<u>\$ 2,718,667</u>
Lapsed Balances	<u>\$ 237,662</u>	<u>\$ 266,080</u>	<u>\$ 212,283</u>

Note: FY11 expenditures and related lapsed balances do not include interest payments approved for payment and submitted by the Agency to the Comptroller for payment after August.

STATE OF ILLINOIS
 LEGISLATIVE RESEARCH UNIT
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2013

	<u>Equipment</u>
Balance at July 1, 2011	\$ 512,989
Additions	18,842
Deletions	-
Net Transfers	<u>(53,716)</u>
Balance at June 30, 2012	<u>\$ 478,115</u>
Balance at July 1, 2012	\$ 478,115
Additions	15,080
Deletions	-
Net Transfers	<u>-</u>
Balance at June 30, 2013	<u>\$ 493,195</u>

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

STATE OF ILLINOIS
 LEGISLATIVE RESEARCH UNIT
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION
 OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**
 For the Fiscal Years Ended June 30,

	Fiscal Year		
	2013	2012	2011
<u>General Revenue Fund - 001</u>			
Reimbursement for Jury Duty	\$ -	\$ -	\$ 135
FOIA Requests	-	182	-
Prior Year Refund	-	257	-
	<hr/>	<hr/>	<hr/>
Total Receipts per Agency Records	-	439	135
	<hr/>	<hr/>	<hr/>
Add: Deposits in Transit, Beginning of Year	-	-	-
Less: Deposits in Transit, End of Year	-	-	-
	<hr/>	<hr/>	<hr/>
Deposits Recorded by the Comptroller	<u>\$ -</u>	<u>\$ 439</u>	<u>\$ 135</u>

STATE OF ILLINOIS
LEGISLATIVE RESEARCH UNIT
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

General Revenue Fund (001)

During FY12, appropriations were received for individual line items (i.e. personal services, employee retirement contributions, etc.). During FY13, the appropriations process combined all individual line items into only one line item identified as operating expenses.

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

General Revenue Fund (001)

During FY11, the appropriation process combined all individual line items (i.e. personal services, employee retirement contributions, etc.) into only one line item identified as operating expenses. During FY12, the appropriation process once again split the combined appropriation back to the individual line items.

STATE OF ILLINOIS
LEGISLATIVE RESEARCH UNIT
ANALYSIS OF SIGNIFICANT VARIANCES IN RECEIPTS
For the Two Years Ended June 30, 2013

General Revenue Fund - 001

The Legislative Research Unit (Unit) receives minimal receipts. The receipts consist of reimbursement for jury duty, FOIA requests and prior year refunds. These receipts are expected to fluctuate between fiscal years. The Unit received a prior year refund and two FOIA requests during FY12. There were no receipts collected by the Unit during FY13.

STATE OF ILLINOIS
LEGISLATIVE RESEARCH UNIT
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2013

The following is a summary of explanations for significant lapse period spending. Lapse period spending was considered significant if 20% or greater of total expenditures for the fiscal year occurred during the lapse period.

FISCAL YEAR 2013

We did not note any instances of significant lapse period spending during FY13.

FISCAL YEAR 2012

We did not note any instances of significant lapse period spending during FY12.

STATE OF ILLINOIS
LEGISLATIVE RESEARCH UNIT
AGENCY FUNCTIONS AND PLANNING PROGRAM
(Not Examined)
For the Two Years Ended June 30, 2013

The Legislative Research Unit (LRU) was established in 1937 as the Illinois Legislative Council and is the central research agency for the General Assembly. A staff of researchers responds to inquiries from legislators, committees and staff regarding questions of laws and court decisions; laws of other states; regulations; science and health; environmental protection; public utilities; business and economic development; and many others. The LRU maintains up-to-date information on federal aid received by the State. It is also responsible for tracking and monitoring membership of boards and commissions established by the State of Illinois.

Alan R. Kroner, Executive Director of LRU, serves at the direction of the Joint Committee and operates the Agency under the Operating Rules for Legislative Support Service Agencies.

A board of twelve legislators, appointed by the four legislative leaders, governs LRU. The board members as of June 30, 2013 were:

Sen. Pamela J. Althoff- Co-Chair
Rep. Co-Chair Position is currently vacant

Senators

Thomas Cullerton
William “Sam” McCann
Julie A. Morrison
Jim Oberweis
Martin A. Sandoval

Representatives

Adam Brown
LaShawn K. Ford
Chad Hays
Barbara Wheeler
Vacant

During FY12 and FY13, LRU received all of its appropriations from the General Revenue Fund. With these appropriations, LRU conducts a new members’ conference and orientation after each general election and a District Office Staff Training seminar. Furthermore, LRU also administers the Illinois Legislative Staff Internship Program (ILSIP) and the Zeke Giorgi Memorial Fund Internship Program in cooperation with the University of Illinois at Springfield.

The planning program consists of annual budget requests, which present short-term goals and objectives. LRU’s long-term goals and objectives are set by statute and various other rules and guidelines. A member of upper management has been assigned responsibility to update and maintain information related to the statutes, rules and guidelines governing LRU.

The Deputy Director for Research manages and coordinates research functions and reports to the Director. Research production is monitored daily, and hundreds of requests are tracked electronically.

STATE OF ILLINOIS
 LEGISLATIVE RESEARCH UNIT
AVERAGE NUMBER OF EMPLOYEES
 (Not Examined)
 For the Years Ended June 30,

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

Division	<u>2013</u>	<u>2012</u>	<u>2011</u>
Administration	11	12	12
Research	<u>12</u>	<u>12</u>	<u>12</u>
Total average full-time employees	<u><u>23</u></u>	<u><u>24</u></u>	<u><u>24</u></u>

STATE OF ILLINOIS
LEGISLATIVE RESEARCH UNIT
SERVICE EFFORTS AND ACCOMPLISHMENTS
(Not Examined)
For the Two Years Ended June 30, 2013

The number of research assignments completed by the library staff at the Legislative Research Unit (LRU) in FY12 was 4, including 1 Research Response. This is a decrease of 73% from the previous fiscal year number of 15 assignments. This amount represents 1% of the total assignments done by the LRU in FY12.

The number of assignments completed by the library staff at the LRU in FY13 was 27, including 1 Research Response. This is an increase of 575% from the previous fiscal year number of 4 assignments. This amount represents 11% of the total assignments done by the LRU in FY13.

During FY12, the LRU performed 280 research assignments for legislators and staff. In addition, the LRU recorded 1,157 appointments to boards and commissions of the State from July 1, 2011 to June 30, 2012.

Federal aid to State Agencies amounting to \$22.205 billion was tracked by the LRU during FY12.

During FY13, the LRU performed 258 research assignments for legislators and staff. In addition, the LRU recorded 1,446 appointments to boards and commissions of the State from July 1, 2012 to June 30, 2013.

Federal aid to State Agencies amounting to \$7.853 billion was tracked by the LRU during FY13.

The LRU also published the following major publications during the examination period (in addition to several other, smaller publications not listed):

2012 & 2013 Tax Handbook
Assistance to Illinois Businesses
Catalog of State Assistance to Local Governments
Directory of Illinois State Officials, a telephone directory
Federal Grant Alerts, monthly newsletter
Federal Funds to State Agencies
First Reading, quarterly newsletter
General Assembly Biennial Calendar
Roster of Illinois Legislators