

LEGISLATIVE AUDIT COMMISSION



Review of
Department of Agriculture
Two Years Ended June 30, 2005

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REVIEW: 4262
DEPARTMENT OF AGRICULTURE
TWO YEARS ENDED JUNE 30, 2005

FINDINGS/RECOMMENDATIONS - 16

IMPLEMENTED - 6
ACCEPTED - 10

REPEATED RECOMMENDATIONS - 5

PRIOR AUDIT FINDINGS/RECOMMENDATIONS - 12

This review summarizes a report on the Department of Agriculture for the two years ended June 30, 2005, filed with the Legislative Audit Commission June 20, 2006. The auditors conducted a compliance audit in accordance with State law and *Government Auditing Standards*.

The mission of the Department is to protect, preserve and promote Illinois Agriculture and the health and safety thereof to the public. The Department is organized into five divisions including Food Safety and Animal Protection; Natural Resources; Agriculture Industry Regulation; Administrative Services; and Promotional Services.

The Director of the Department of Agriculture during the audit period was Mr. Chuck Hartke. Mr. Hartke became the Director on April 29, 2003. He had no previous association with the Department. The average number of full-time employees, by division, during the fiscal years indicated was:

Division	FY05	FY04	FY03
Executive Office	140	155	167
Agriculture Industry Regulation	103	108	117
Natural Resources	59	63	70
Food and Safety & Animal Protection	177	172	182
Total Employees	479	498	536

Appendix A summarizes the Department's services and activities. This unaudited information is provided by the Department.

Appropriations and Expenditures

Appendix B summarizes appropriations and expenditures for the period under review. The General Assembly appropriated a total of \$96,430,215 from numerous funds to the Department in FY05. Of the total, \$40.5 million was appropriated from the General Revenue Fund. The Department also received appropriations from the Agricultural Premium Fund and 18 other funds in FY05. Total expenditures from appropriated funds

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were \$87,319,888 in FY05 compared to \$96,166,854 in FY04, a decrease of \$8.8 million, or 9.2%. Lapse period expenditures for FY05 were almost \$5.4 million, or 6.2%.

Appendix C shows expenditures by major object codes and includes non-appropriated expenditures for FY05 and FY04. Total expenditures including non-appropriated expenditures for FY05 were \$8.2 million less than in FY04. The Department continued its efforts to reduce spending in the area of awards and grants upon a directive received from the Governor in FY03 to reduce spending and review the necessity of such spending.

Cash Receipts

Appendix D provides a summary of cash receipts for FY05-FY03. Total cash receipts changed from \$39,160,597 in FY03 to \$40,304,581 in FY04 to \$42,354,994 in FY05. The changes in cash receipts may be explained as follows:

- The increase in the State Cooperative Extension Fund is due to the return of historical levels of transfers being made into the fund after the fiscal crisis of FY03 (+\$6 million in FY04 and +\$615,000 in FY05).
- There was no appropriation from the Legislature for the Conservation 2000 Projects Fund. (-\$5.5 million in FY04)
- The changes in the Agriculture Federal Project Fund is based on grants that vary from year to year. (+\$1.8 million in FY05)
- The Grain Indemnity Trust Fund varies according to the number of insolvencies and the volume of their operations. There was one insolvency in FY04 and none in FY05.

Property and Equipment

Appendix E contains a summary of the property and equipment for which the Department of Agriculture was accountable during the period under review. The beginning balance was \$170,069,841 at July 1, 2003 compared to an ending balance of \$190,402,931 at June 30, 2005. The \$190.4 million in property and equipment was comprised of \$31.9 million in land; \$132.8 million in buildings; and \$25.6 million in equipment. The majority of the increase was in building transfers.

Accountants' Findings and Recommendations

Condensed below are the 16 findings and recommendations included in the audit report. Of these, five are repeated from a prior audit. The following recommendations are classified on the basis of information provided by Laura Lanterman, Chief Fiscal Officer, Department of Agriculture, via electronic mail received February 23, 2007.

Accepted or Implemented

- 1. Only make payments for efficiency initiative billings from line item appropriations where savings would be anticipated to occur. Seek an explanation from the Department of Central Management Services as to how savings levels were calculated, or otherwise arrived at, and how savings achieved or anticipated impact the Department's budget.**

Finding: The Department made payments for efficiency initiative billings from improper line item appropriations. The Department received three FY04 billings for \$1,040,112 and two billings in FY05 for \$56,000 for savings from efficiency initiatives.

The Department could not provide documentation or any guidance for the FY04 billings from CMS detailing where savings were to occur. Additionally, Department staff could not provide evidence of savings that CMS would have provided the Department for amounts billed during FY04.

Based on a review, the auditors found that the Department made payments in FY04 for these billings **not** from line item appropriations where the cost savings were anticipated to have occurred but were spread across 12 operational lines in different funds. The same was true for FY05, but on a reduced level since the bills were much smaller.

Response: Accepted. Exceptions were corrected in FY05. Efficiency billings are not anticipated in the future, but if they are received, the agency will continue to review them for compliance.

Updated Response: Implemented. There have been no further Efficiency Initiative billings.

- 2. Enter into interagency agreements that more clearly specify the terms and benefits to be received in exchange for payments made. Improve documentation of contract performance, and reduce interagency agreements to writing before the commencement of services.**

Finding: On September 16, 2004, the Department entered into an interagency agreement with the Department of Central Management Services that had vague terms and questionable benefits to the Department and was inadequately documented. The Department would pay up to \$100,000 retainer fees including commission and travel expenses to a vendor for "strategic marketing services" beginning July 1, 2004 and concluding June 30, 2005. The services to be provided were to include, but were not limited to, a State credit card program and beverage-vending program.

The Department paid the vendor \$76,566.56. The Department's obligations under the interagency agreement mirrored CMS's obligation to pay a monthly retainer fee to the vendor of \$15,000 per month plus expenses.

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The Department attributed two sponsorship agreements for the 2004 Illinois State Fair to the services of the vendor under the interagency agreement. However, when auditors requested documentation to provide evidence of the vendor's services in acquiring these sponsorships, the Department was unable to provide any documentation to that effect. The Department provided no evidence that the vendor provided the State credit card program or beverage-vending program services as promised under the agreement.

The first sponsorship agreement required the Department to provide various forms of advertising for the sponsor, parking and gate passes, and concert tickets in exchange for a \$25,000 sponsorship to be paid before May 31, 2004. The Department entered into the agreement on August 9, 2004.

The second sponsorship agreement required the Department to provide various forms of advertising, parking and gate passes, and the right to sell products at the 2004-2008 State Fairs in exchange for \$60,000 payable over five years, plus 16% of gross sales receipts and some assistance with judging and other administrative responsibilities. The Department entered into this agreement on October 18, 2004 and has collected \$24,000 through June 30, 2005.

Department personnel stated that the omissions in executing and processing the interagency agreements resulted from the Department's not having General Counsel from June 16 to August 1, 2004, the period of time in which this agreement began. Department personnel believed that the July 1st beginning of the agreement was important for obtaining sponsorships for the 2004 State Fair.

Updated Response: Implemented. The agency has implemented the recommendation by more clearly specifying the terms and benefits to be received in exchange for payments made. In addition, the agency has required vendors to provide documentation identifying services performed and the outcome of those services so as to allow the Department to determine that a benefit has occurred; a written statement of the target goals; timetables for achieving those goals; and documentary evidence of vendors' efforts on behalf of the agency.

3. Improve controls and procedures over contract obligation documents to minimize the use of the Late Filing Affidavits and Professional and Artistic Services Affidavits and work toward processing contract obligation documents in a timely manner.

Finding: The Department did not process contract obligation documents in a timely manner. During detailed testing of contractual obligation documents, the auditors noted that the Department entered into 469 contracts in FY04 and processed 13 (3%) late filing affidavits and 6 (1%) professional and artistic affidavits. In FY05 the Department entered into 341 contracts and processed 124 (36%) late filing affidavits and 22 (6%) professional and artistic affidavits. The contracts ranged from 5 to 401 days late in fiscal year 2004 and from 4 to 201 days late in fiscal year 2005.

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Department personnel stated they did not file the contracts within fifteen (15) days of execution because the related paper work was not received in a timely manner for filing.

Updated Response: Accepted. Beginning in FY07, the agency has maintained a record of all Late Filing Affidavits and Professional and Artistic Services Affidavits. The tracking includes the responsible bureau, date, vendor, and reason for late filing. The information is being reviewed by the agency's fiscal officer and general counsel to determine a method for reducing the number of late filings.

4. Develop written policies and procedures to monitor construction contracts that include documentation evidencing the monitoring procedures performed by Department personnel.

Finding: The Department does not have written policies and procedures in place for monitoring construction contracts. During detailed testing of contracts, the auditors noted that the Department entered into two construction contracts for FY04 and FY05 totaling \$201,454 to construct, design, and build a frame building package that will serve as the show horse stall barn on DuQuoin State Fairgrounds. Although the Department did have an employee in place to monitor these two contracts, the Department did not have written policies and procedures in place for monitoring construction contracts and had no documentation evidencing any monitoring procedures performed by the employee responsible for monitoring the DuQuoin construction contract.

Department personnel stated that because most construction projects have been done through and monitored by Capital Development Board, agency policies and procedures had not been necessary.

Response: Accepted. Written policies and procedures on monitoring construction contracts that include documentation evidencing the monitoring procedures performed will be developed and should be in place by the end of the current fiscal year.

Updated Response: Implemented. The agency has adopted a policy regarding construction contracts.

5. Update Systems Development Methodology to include procedures related to new system developments and modifications to existing systems by external developers. Once updated, ensure all system developments and modifications are performed in compliance with system development standards and are properly approved, thoroughly tested, and adequately documented.

Require bureau-specific information systems needs to be communicated with the Department's Bureau of Computer Services to assure system developments and purchased systems meet the needs of the specific bureau; are adequately developed, documented and maintainable by Department technical personnel if necessary; and are compatible with the Department's existing information systems infrastructure. (Repeated-2003)

Accepted or Implemented – continued

Finding: During the prior audit period, the Department did not have written policies in place related to system development by external developers and did not assure all systems were consistently developed, thoroughly tested, and adequately documented.

During the prior audit period, the Department had contracted for \$362,500 for the development of the Non-Fair Event System and the State Fair System. It was noted that these systems were not adequately documented and were developed in a software language that was not supported by the Department.

During the current audit period, the Department still has not developed written policies to address the areas noted above and did not assure all systems were consistently developed, thoroughly tested, and adequately documented.

Department personnel stated that along with the transfer of Information Technology Infrastructure services to Central Management Services (CMS) in FY05, CMS has aggressively advanced many new initiatives including IT Governance, Rationalization, Centralization, and Consolidation. These CMS initiatives have made Department IT Strategic Planning efforts unnecessary. The Department is currently updating and reworking its System Development Lifecycle methodology. The updated SDLC will serve as a framework for all development projects whether internally or externally developed.

Response: Accepted. The agency will update its System Development Methodology to include procedures related to all work performed by external developers. In addition, the Bureau of Computer Services has advised all program managers that any specific Information Systems needs are to be communicated to, reviewed by, and approved by the Bureau of Computer Services.

Updated Response: Accepted. The Agency System Development Life Cycle (Methodology) has been finalized and distributed to all program managers. Additionally, the IT Governance process requiring that Charters be submitted and approved by CMS/BCCS provides an added layer of review and approval for external IT development projects.

6. Update Crisis Management/Disaster Recovery Plan to reflect the current environment and ensure it is adequate for recovering computer operations within an acceptable timeframe. At a minimum, an adequate comprehensive contingency plan should include:

- **an alternate recovery site in the event of a disaster,**
- **a current listing of disaster recovery contact personnel,**
- **a listing of prioritized critical systems,**
- **stated tolerable timeframes for recovery, and**
- **a date of creation or modification.**

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Once developed, test the Plan to identify any weaknesses and perform revisions where necessary. The Department should perform routine testing at least annually to assure the Plan is adequate for recovering the Department's current operational environment. (Repeated-2003)

Finding: During the prior audit period, the Department did not have an adequate and tested comprehensive disaster contingency plan to ensure its critical computer systems can be recovered in the event of a disaster.

The Department has been migrating from a mainframe to a LAN environment; however, its Crisis Management/Disaster Recovery Plan (Plan) has not been updated to reflect the change. The Plan only provided a framework for developing an appropriate response to a disaster event that would impact the Department. The Plan was not comprehensive and did not contain detailed procedures for recovering the Department's computer operations. The Plan was not tested in FY05.

Department personnel stated that control over Information Technology Infrastructure was transferred to Central Management Services (CMS) in FY05. Since the transfer, it has not been clear which agency has primary responsibility for disaster contingency planning. The Department is in discussions with CMS regarding the language and content of the Service Level Agreement (SLA) executed between CMS (as service provider) and the Department (as customer). The subjects of these discussions include among other things Disaster Recovery. The Department plans to obtain an updated version of the State IT Disaster Recovery/Business Continuity template from CMS and begin completing the Plan in conjunction with a finalized SLA.

Response: Accepted. The agency will update its Disaster Recovery/Business Continuity Plan to reflect the current IT environment. The agency will make every effort to ensure that the plan is adequate to support the recovery of operations within an acceptable timeframe. The plan will contain the minimum items specified in the finding. The agency expects to have the plan in place and to test it following the 2006 State Fairs.

Updated Response: Accepted. The agency's entire IT Infrastructure is now under the control of CMS/BCCS. The agency's servers were relocated to the CMS Data Center at 201 West Adams, and CMS has assumed all Operations duties including Backup, Business Continuity, and Disaster Recovery.

7. Update personnel policies and continue implementing the requirement to complete timesheets documenting hours worked each day on official State business to the nearest quarter hour for all employees.

Finding: In FY05 the Department had an average of 479 employees, but did not maintain a positive timekeeping system for its employees documenting time spent on official State business in quarterly hour increments.

Department personnel stated that the Department implemented a positive timekeeping

Accepted or Implemented - continued

policy in February 2004 for Senior Staff, believing that met the requirements of the Employee Ethics Act. When personnel became aware that positive time keeping was necessary for all employees, department policy was changed on June 1, 2005.

Updated Response: Implemented. On June 1, 2005, the agency implemented a timekeeping policy that requires all employees to record hours worked on official State business each day. This policy remains in effect.

8. Utilize the resources generated from the new Asset Preservation Account to return the transferred funds to the appropriate trust account and with no further commingling of trust accounts. (Repeated-2003)

Finding: The Department commingled \$20,474 of trust funds maintained within the Grain Indemnity Trust Fund.

During the two years ended June 30, 2005, the Department transferred \$20,474 from the Grain Indemnity Trust Fund to another similar trust account established in connection with an unrelated elevator failure. This is in addition to \$20,000 transferred in the previous examination period. The transfer was made to enable the receiving trust account to pay expenditures to preserve an asset of that trust account.

The Grain Code requires that proceeds received by the Department, to the extent not already paid to claimants, shall be first used to repay the Illinois Grain Insurance Fund for moneys transferred to the Trust Account.

Department personnel stated that the Department has received statutory authority to establish an Asset Preservation Account to pay "...the reasonable expenses incurred by the Department on or after the date of failure for preserving and liquidating grain assets, equity assets, collateral and guarantees of or relating to a failed licensee..." (240 ILCS 40/20-20(e)). This account will be used to pay future asset preservation expenses. However, the Asset Preservation Account had an effective date of January 1, 2006, so the finding is not resolved until fiscal year 2006.

Updated Response: Accepted. The agency established the Asset Preservation Account in January 2006 and began transferring available monthly interest on the Grain Indemnity Trust Fund to the account. As the balance of the account increased, the agency used the account to pay the appropriate monthly expenditures and returned funds to the appropriate trust funds. All trust accounts were restored to their proper balance prior to the end of fiscal year 2006. There has since been no commingling of trust funds since that time.

9. Repay the amount due to the Grain Insurance Fund from the Trust Fund.

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Finding: The Department did not repay the amounts due to Illinois Grain Insurance Fund. As of November 30, 2003 the Department had \$203,723 of excess funds remaining in the Grain Indemnity Trust Fund pertaining to a grain company failure of August 2001. In May 2004 the Department repaid the Illinois Grain Insurance Fund \$71,999 of the excess funds remaining in the Trust account. In addition, favorable court rulings between February and May 2005, and accumulated interest, have made an additional \$122,981 in excess funds available to repay the Illinois Grain Insurance Fund for a total of \$254,705 at June 30, 2005. Other than the May 2004 repayment, the Department has not repaid any of the excess trust fund balance back to the Illinois Grain Insurance Fund as of the end of the examination period December 14, 2005.

Department personnel stated that funds were maintained in the Indemnity Trust Fund in order to have adequate funds for unresolved claims and asset preservation expenditures.

Updated Response: Implemented. The Agency paid the balance to the Illinois Grain Insurance Fund repaid in June 2006.

10. Allocate the resources necessary to either implement compensating management controls or segregate duties over the fiscal operations of the Purse Fund. (Repeated-2003)

Finding: The Department did not have an adequate segregation of duties over the cash (checks and currency) receipts of the Illinois Colt Stakes/Championship Purse Fund.

The person responsible for preparation of the deposit slips for the Purse Fund also delivered the deposits to the bank, received the monthly bank statements, performed the monthly bank reconciliations, and prepared the locally held funds quarterly report of receipts and disbursements submitted to the Comptroller. Management personnel did not perform a supervisory review of the Purse Fund deposits, reconciliations or reports. The amount of deposits during fiscal years 2004 and 2005 within the Purse Fund was \$1,883,000 and \$1,811,000, respectively.

Department personnel stated that the Bureau's small number of staff make separation of duties difficult to obtain.

Updated Response: Implemented. The agency has developed procedures for cash receipts that provide segregation of duties.

11. Review the appropriateness of the allocation of food and agricultural research funds, and report to the General Assembly as soon as possible and then every three years in accordance with State law.

Finding: The Director of the Department did not review the allocation of food and agricultural research funds and report to the General Assembly as required by the Food and Agriculture Research Act.

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Accepted or Implemented - continued

All funds appropriated to the Department under the Food and Agriculture Research Act (Act) (505 ILCS 82/15) must be allocated, according to stated percentages. Every three years, the Director of the Department shall review these allocation percentages to ascertain their appropriateness and report to the General Assembly.

During detailed testing, the auditors noted that the Director of the Department did not review the allocation percentages, ascertain their appropriateness, and report the results of this review to the General Assembly by January 1, 2001 or by January 1, 2004 in accordance with the Act.

Department personnel stated that the allocation percentages for the research funds had been reviewed informally, but the necessary report to the General Assembly was not prepared.

Updated Response: The Agency Director reviewed the appropriateness of the allocation percentages and reported to the General Assembly in December 2005 and again in December 2006, the sixth anniversary of the Act.

12. Transfer \$7,700 incorrectly deposited back into the Motor Fuel and Petroleum Standards Fund from the Weights and Measures Fund. Deposit all penalties levied by statute into the Motor Fuel and Petroleum Standards Fund.

Finding: The Department did not deposit penalties imposed for violations of the Motor Fuel and Petroleum Standards Act into the appropriate fund.

During detailed testing of statutory mandates, the auditors examined fifteen penalties imposed by the Department. Eleven of those penalties (73%), totaling \$7,700, were not deposited into the Motor Fuel and Petroleum Standards Fund but were deposited into the Weights and Measures Fund.

The Motor Fuel and Petroleum Standards Act states that monetary penalties levied by the Department shall be collected and paid into the Motor Fuel and Petroleum Standards Fund.

Department personnel stated that there was an oversight in training an employee who took over the Motor Fuel deposits. When the agency realized the error in April 2005, prior to the end of the audit period, the coding error was corrected for all future deposits.

Updated Response: The agency implemented the recommendation in April 2005.

13. Implement controls to ensure that all invoices are paid within 60 days.

Finding: During testing of 60 commodities vouchers and 60 equipment vouchers, the auditors noted that 17 commodities vouchers (28%) totaling \$38,754.09 and eight

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equipment vouchers (13%) totaling \$166,470.89, respectively, were not paid within 60 days from receipt of proper bill. The vouchers were paid from 65 to 121 days late. Sixteen of the vouchers were paid from the General Revenue Fund and one was paid from the Agriculture Premium Fund. However, no interest was due on these vouchers that were paid late.

Department personnel stated that it processes invoices for payment as quickly as possible. However, depending on the amount of time the Comptroller's office takes to process the voucher and make payment, the payment may not be made in time to comply with the State Prompt Payment Act.

Updated Response: Accepted. The agency continues to process invoices for payment as quickly as possible within the agency.

- 14. Communicate in writing the administrative rule requirements to each Fair in an effort to ensure premium books are received prior to the beginning of the Fair. Assess the \$25 per day late fee penalty for each day the premium books are late as required by rule.**

Finding: A premium book showing the classes of exhibits and the premiums (prizes) offered for each event must be submitted at various specified dates by each Fair association or agricultural society along with a State Aid Report to claim award funding from the State. The premium book also identifies entry requirements and entry fees. 105 county fairs and expositions were granted \$6,649,390 in FY04 and \$6,738,000 in FY05.

During testing of 102 premium books, the auditors noted 18 (18%) of premium books were submitted after the start of the Fairs ranging from 1 to 43 days during FY04 and 5 to 94 days during FY05. The Department assessed no late fees.

Department personnel have stated that local volunteers who may not exercise the care taken by paid employees prepare information received. The Department has not penalized any Fair for not submitting its information timely, although the premium books are reviewed when received.

Updated Response: Accepted. The agency sends a packet of information to the Fairs in the spring that includes the administrative rules. In 2006, the agency also contacted by phone the Fairs that had not submitted their premium books a few days before their deadline. The agency was able to decrease both the number of Fairs not providing premium books timely and also the maximum number of days a Fair was late. The compliance rate, although significantly improved, is still not acceptable. At this time, the agency is drafting a letter informing fairs that those who do not submit their premium books timely this year will be subject to the \$25 per day penalty. The agency will then apply the penalty in calculating reimbursement.

- 15. Implement recommendations presented in the Management Audit—Regulation of Grain Dealers and Warehouseman and the Administration of the Grain Insurance Fund as follows:**

Accepted or Implemented – concluded

- **Allocate the resources necessary to conduct background checks of all grain license applicants including officers, directors, partners and managers and track the information on the database established by the Department.**
- **Continue efforts to complete the examination guidelines and include in those guidelines:**
 - **Guidelines for notification of successor agreements and closeout examinations;**
 - **Requirements to provide copies of examination reports to licensee board members, directors, and owner of licensees;**
 - **Promulgate rules to implement the examination process delineated in Public Act 93-225; and**
 - **Guidelines for taking and tracking corrective action.**
- **Evaluate the Grain Insurance Fund's current capacity to pay claims and continue to periodically review the Fund's capacity to pay claims in the future.**

Finding: The Department did not fully implement all of the recommendations presented in the Management Audit—Regulation of Grain Dealers and Warehouseman and Administration of the Grain Insurance Fund, which was released in December 2003. The recommendations above are the outstanding recommendations from that report which the auditors recommend the Department implement.

Response: The Agency has begun to conduct background checks of principal owners of newly licensed grain dealers and grain warehouseman. Existing statutory guidelines require that successor's agreements be executed when there is a succession of one legal entity to another whereby grain obligations to producers become the obligations of the successor. Closeout examinations are performed on each and every licensee at license expiration to ascertain outstanding obligations to producers. The agency will begin sending a copy of the examination report to the Chairman and Members of the Board at the licensee business address as well as leaving a copy of the report at the time of examination. The agency is working on rules. The agency's computer system provides for tracking administrative actions pursuant to statute. Agency personnel perform an annual study for the American Association of Warehouse Control Officials entitled "Grain Indemnity Trust Fund Comparison Study." This study, which the agency has performed over ten years, is utilized to assess not only the capacity to pay claims but to compare the Illinois program with other state-sponsored indemnity programs.

Updated Response: Accepted. The agency has:

- Since May 2006 the Bureau has utilized the services of IdentiCheck to perform background checks on all license applicants. That information is then entered into the agency's database;
- The agency has developed examination guidelines:

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- The agency implemented written procedures in June 2006 for office staff to follow regarding successor agreements and closeout examinations;
- The agency implemented written procedures in June 2006 that require that a copy of examination reports be provided to licensee board members, directors, and owners;
- The agency placed rules to implement Public Act 93-225 on its January 2007 regulatory agenda and is completing a final draft at this time. The agency expects to place the rules in first notice prior to fiscal year 2007;
- The agency implemented a written policy in June 2006 for office staff to follow regarding violations from an examination and the tracking of corrective action in the agency's database.
- In August 2006, the Bureau contracted with Mercer Oliver Wyman Actuarial Consulting Inc. to evaluate the Fund's capacity to pay claims in the future. The contract completion date is October 31, 2007.

16. Continue efforts to obtain amendatory legislation to conform the Act to the Federal Act. (Repeated-2003)

Finding: The Soil Conservation Domestic Allotment Act was passed in 1951 to carry out the provisions of the Soil Conservation and Domestic Allotment Act (Federal Act) enacted by the Congress of the United States. However, the Federal Act no longer requires the plan and report required by the Act, and none have been prepared for many years.

State statutes constitute the laws of the State, and the Department should comply with those laws. When laws become outdated, the Department should request amendments to conform the laws for changes in related federal legislation.

Department personnel stated it submitted proposed amendments to repeal the outdated provisions of the Act but the amendments failed to pass in the most recent legislative session.

Updated Response: Accepted. The agency has included the recommended change in its annual Legislative Proposal, but the law has not yet been amended.

Emergency Purchases

The Illinois Purchasing Act (30 ILLS 505/1) states, "The principle of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts..." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption for emergencies involving public health, public safety, or where immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage ... prevent or minimize serious disruption in State services, to insure the integrity of State records, or to avoid

lapsing or loss of federal or donated funds. The chief procurement officer may promulgate rules extending the circumstances by which a purchasing agency may make "quick purchases," including but not limited to items available at a discount for a limited period of time.

State agencies are required to file an affidavit with the Auditor General for emergency procurements that are an exception to the competitive bidding requirements per the Illinois Purchasing Act. The affidavit is to set forth the circumstance requiring the emergency purchase. The Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

During FY05 and FY04, the Department filed seven affidavits for emergency purchases as follows:

- \$191,700.00 for waste hauling at the Illinois State Fair;
- \$127,251.00 for stagehands at the Illinois State Fair;
- \$73,881.00 for repairs at the Galesburg Animal Disease Lab;
- \$29,500.00 for electrical repairs at the State Fairs; and
- \$25,625.00 for horse stall rental for the State Fair.

Headquarters Designations

The State Finance Act requires all State agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each State agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

As of July 2005, the Department had 209 employees assigned to locations other than official headquarters.