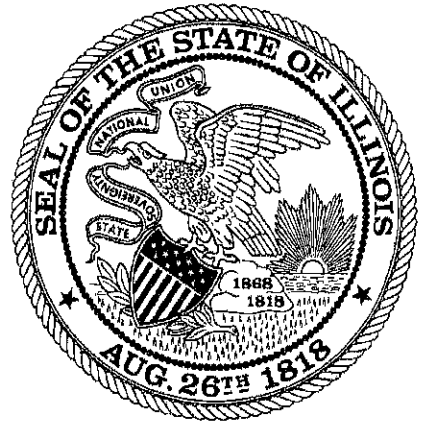


# 2019 ANNUAL REPORT



**LEGISLATIVE  
AUDIT  
COMMISSION**

**SIXTY-FIRST ANNUAL REPORT**  
of the  
**LEGISLATIVE AUDIT COMMISSION**

Submitted to the Members of the  
General Assembly of the State of Illinois



**2019 MEMBERSHIP**

**Co-Chairs**

**Senator Jason Barickman**  
**Representative Robert Rita**

**Senate Members**

Senator Thomas Cullerton  
Senator Laura Ellman  
Senator Iris Martinez  
Senator Chapin Rose  
Senator Dale Righter

**House Members**

Representative Jaime Andrade  
Representative Mark Batinick  
Representative Marcus Evans Jr.  
Representative Randy Frese  
Representative Tony McCombie

Room 622  
William G. Stratton Building  
Springfield, Illinois 62706



# Legislative Audit Commission

622 WILLIAM G. STRATTON BUILDING • SPRINGFIELD, ILLINOIS 62706 • 217/782-7097 • FAX 217/524-9030

To the Members of the General Assembly:

Given the responsibility of appraising the stewardship of State government, it is appropriate that the Audit Commission submits to the General Assembly each year a self-assessment of its activities.

This report, submitted in accordance with the Act creating the Commission, presents a summary of the Commission's activities and accomplishments as the legislature's oversight agency during 2019. This document also presents a number of areas in which State government could improve its performance to achieve greater efficiency, improve effectiveness, and comply with statutory directives.

The ability to make government more effective and more efficient is attributable to the members of the Legislative Audit Commission who are dedicated to meeting the challenges of government. Worthy of special note is the Commission's review of 130 financial/compliance reports, parts of two statewide single audit reports, and two performance audits during 2019.

The Audit Commission exists by and for the legislative branch of government. The Commission encourages your suggestions on becoming of greater service to the General Assembly.

Respectfully,

A handwritten signature in black ink that reads "Jason A. Barickman". The signature is written in a cursive style with a large initial "J".

Jason A. Barickman, State Senator  
Co-Chair

A handwritten signature in black ink that reads "Robert A. Rita". The signature is written in a cursive style with a large initial "R".

Robert Rita, State Representative  
Co-Chair

**LEGISLATIVE AUDIT COMMISSION  
SIXTY-FIRST ANNUAL REPORT  
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# 61st Annual Report

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## Report Highlights

The Legislative Audit Commission is a support services agency having the principal responsibility for the oversight of the State audit program. Major accomplishments during the past year include:

- Review of 130 financial audits and compliance examinations, parts of two statewide single audits, and two performance audits.
- Support and enactment of remedial and other legislation.
- Review of all emergency purchases, travel reports, and awards to other than the lowest bidder made by State agencies.
- Maintenance of a web page as a source of up-to-date information about Audit Commission activities. This site includes reports and forms associated with the Commission.
- Distribution of booklets on revised Purchasing Laws and University Guidelines.

## Overview

The Legislative Audit Commission is mandated by law (25 ILCS 150/0.01-0.06) to review all audits conducted by the State Auditor General. Primary responsibilities of the Commission are:

- Conduct public meetings on all major audits of State agencies to review problems, assess agency stewardship, and secure remedial action.
- Initiate and review management and program audits and investigations.
- Make recommendations to the General Assembly and agency management for corrective legislation and other measures to remedy weaknesses disclosed through audits or at Commission meetings.
- Monitor agency progress in implementing corrective action.

The statutory direction is made clear in this excerpt from the Commission's enabling legislation from 25 ILCS 150/1 and 150/3:

*The Commission shall ascertain facts, review reports and take action thereon, and make recommendations and reports to the General Assembly and to the houses thereof concerning the audit, revenue and expenditures of the State.... The Commission shall receive the reports of the Auditor General and other financial statements and shall determine what remedial measures, if any, are needed, and whether special studies and investigations are necessary.*

The Commission works closely with the Office of the Auditor General. Although separate agencies, the two have many common interests. The Commission makes use of the Auditor General's specialized staff to minimize unnecessary duplication of effort and expenditure of tax funds. Nevertheless, the Commission also recognizes the specific separation of responsibilities between the conduct and the review of audits.

This report is one means used to inform the General Assembly, State agencies, the accounting profession, and the public of the Commission's activities and concerns. In addition, the Commission's membership and staff maintain open and active communication with the legislature and its staff and service agencies through personal contact and other means.

Information about the Commission's work and findings is supplied to individual members of the General Assembly upon request. This service can include supplying available information, reviewing proposed legislation, or assisting in the analysis of fiscal matters.

A final and important means of communicating with the members of the General Assembly is the support or sponsorship of legislation. The Legislative Audit Commission has a structured process for identifying and acting upon matters requiring new or amendatory legislation.

## Commission's Home Page

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Information about the Legislative Audit Commission is also available on a home page on the Internet. The information includes Commission authority and membership, the agenda of the Commission's next scheduled meeting, reviews of audits for the next scheduled meeting, a list of audit reports passed on the Commission's Consent Calendar since January 2006, the most recent Annual Report and Audit Report, the Purchasing Laws publication, the University Guidelines publication, and the Headquarters designation (TA-2) form. Reviews of all audit reports heard by the Commission in the current audit cycle are also available. The home page enhances public access to information concerning the Commission's activities.

To reach the Commission's home page, go to [www.ilga.gov](http://www.ilga.gov) and click on "Legislative Support Services" then follow the link to the Legislative Audit Commission.

## Commission Membership

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The Commission consists of 12 members who are appointed by the legislative leadership. Membership is equally apportioned between the two chambers and the two political parties. Finally, the co-chairs may not be members of the same political party, nor may they serve in the same chamber of the General Assembly.

The members receive no compensation for the substantial amount of time devoted to Legislative Audit Commission activities, but are reimbursed for travel expenses incurred.

The Commission maintains a full-time staff of three persons in the William G. Stratton Building in Springfield.

Appearing on the next page are lists of legislators now serving and those who have served on the Legislative Audit Commission.

**Commission Membership and  
Date of Appointment  
at December 31, 2019**

**Senate Members**

Senator Jason Barickman	January 2013
Senator Thomas Cullerton	December 2015
Senator Laura Ellman	January 2019
Senator Iris Martinez	February 2005
Senator Dale Righter	September 2015
Senator Chapin Rose	January 2019

**House Members**

Representative Jamie Andrade	February 2019
Representative Mark Batinick	January 2017
Representative Marcus Evans Jr.	February 2019
Representative Randy Frese	January 2019
Representative Tony McCombie	January 2019
Representative Bob Rita	February 2011

**Former Members**

Raymond E. Anderson	Miguel A. Del Valle	Chris Lauzen	David Reis
Victor Arrigo	Deanna Demuzio	Ted E. Leverenz	Walter J. Reum
W. Russell Arrington	Vince Demuzio	Ellis B. Levin	Dale A. Righter
Louis E. Beckman	Kirk Dillard	James P. Loukas	Dale E. Risinger
Robert A. Biggins	Brian B. Duff	Eileen Lyons	Ron Sandack
Kenneth Boyle	Dan Duffy	Andy Manar	Calvin W. Schuneman
Bill Brady	Thomas Dunn	Lynn Martin	Penny Severns
Michael I. Brady	George W. Dunne	Sidney Mathias	George P. Shadid
Rich Brauer	Paul F. Elward	Frank J. Mautino	W. Timothy Simms
Richard H. Brummer	Dwight P. Friedrich	Jeffrey D. Mays	Cal Skinner, Jr.
George M. Burditt	Zeke Giorgi	David B McAfee	Fred J. Smith
Linda Chapa LaVia	John S. Graham	Edward McBroom	Joe Sosnowski
Robert E. Cherry	Harber H. Hall	Dean McCulley	Arthur W. Sprague
Clyde L. Choate	Kenneth Hall	Andrew J. McGann	George F. Stastny
Terrel E. Clarke	Julie Hamos	Robert F. McPartlin	Celeste M. Stiehl
Earlean Collins	Gary Hannig	Robert Mitchler	Arthur Tenhouse
Jacqueline Collins	Dennis Hastert	John Mulroe	Judy Baar Topinka
Philip W. Collins	Jay Hoffman	Edward A. Nedza	Sam Vadalabene
Marlow H. Colvin	Linda Holmes	Clarence E. Neff	Louis S. Viverito
John Connolly	Sheri Jesiel	Dawn Clark Netsch	Thomas J. Walsh
Fred Crespo	Gene Johns	Jim Oberweis	Frank Watson
Michael D. Curran	Timothy V. Johnson	Daniel J. O'Brien	Jerry Weller
Barbara Flynn Currie	Nancy Kaszak	Mary K. O'Brien	Rick Winkel
Julie A. Curry	James F. Keane	John T. O'Connell	Anne Zickus
John M. Daley	Dan Kotowski	Frank M. Ozinga	
Richard M. Daley	Jack L. Kubick	Margaret R. Parcels	
C.D. Davidsmeyer	Bob Kustra	Sandra Pihos	
Corneal A. Davis	Leo D. LaFleur	Glenn Poshard	
Jack Davis	Darin LaHood	Paul Powell	
Aldo A. DeAngelis	John J. Lanigan	Kwame Raoul	
Terry W. Deering	Richard R. Larson	Dennis Reboletti	



# Audit Review Program

Audits are, by their nature, a look at the past. Transactions are reviewed, statistical and compliance tests are performed, and an evaluation is made of conditions during the period covered by the report. The Commission's audit review activities seek to change this focus by involving legislators, agency directors and managers, and members of the audit team in a structured process, which emphasizes implementation of corrective action to remedy existing weaknesses and to prevent lapses of control in the future. While the audit report cites deficiencies at the time of the examination, the Commission looks forward, seeking to view the audit report as a blueprint for improved agency service and accountability. In this way, the Commission maximizes the value of these reports as management tools.

Two important benefits result from frequent meetings on major audits:

1. Legislators are directly involved in the audit process, increasing communication within government and supplying feedback to the legislative and appropriations processes; and
2. Opportunities are increased for both administrative and legislative action to correct weaknesses and deficiencies disclosed in the audit reports.

Basic elements of the Commission's review include:

- Disclosure and public scrutiny of weaknesses and illegal or improper conduct in the use of public funds and the management of public business.
- Study, development, and introduction of legislation to correct weaknesses and improve the statutory framework of Illinois government.
- Initiate management and program audits and other studies as required.
- Review of the delivery of State services, based both on audit findings and on members' contact with their constituents and the various agencies.

The participation of the Office of the Auditor General and accounting profession enhances discussion of accountability issues by both the agency and the Commission. In many instances, their comments help to clarify complex accounting issues. The Commission extends its appreciation to the accounting professionals who have participated during the past year. Hopefully they have found their association with the audit program rewarding, and have gained an appreciation of legislative oversight concerns as the result of their participation in Commission meetings. A listing of these individuals, by accounting firm name, appears on the following page.

**Adelfia**  
Gilda Priebe

**KPMG**  
Cathy Baumann

**Borschneck Pelletier**  
Paul Pelletier

**Milliman, Inc.**  
Robert Damler

**CliftonLarsonAllen LLP**  
Jeff Bonick  
Barb Dubois  
Chris Suda

**RSM**  
Linda Abernathy

**E.C. Ortiz & Co.**  
Leilani Rodrigo  
Helga Arriola  
Emily Causen  
Marites Sy

**Sikich**  
Tom Leach

## **Compliance Examinations**

Compliance audits, or compliance examinations, stress the fundamentals of governmental accountability—compliance with statutes and regulations, sound business practices, safeguarding of assets and property, and proper expenditure of State funds. The Commission took action on 130 financial and compliance reports during 2019, ranging from reports disclosing no material findings to reports containing as many as 42 recommendations. Obviously, this large number of reports represents the foundation of the Commission’s workload. A listing of these audits is included in Appendix A on pages 27-29.

Prior to a Commission meeting, an audit review is prepared by Commission staff, summarizing all of the recommendations made by the auditors and pertinent financial data. The recommendations are classified as to implementation and acceptance status based on current information requested from the agency involved.

The Commission’s public hearings stress implementation of corrective action, review of disputed findings, and an assessment of the fiscal and programmatic achievements of the agency. Corrective action is stressed to minimize the repetition of adverse findings in future reports. The Commission expects that each recommendation accepted by an agency will be implemented within a reasonable time. Priority attention is devoted to correcting past problems

so that they will not recur. The Commission considers no audit recommendation fully disposed of until:

- it has been accepted by the agency;
- equally acceptable procedures have been implemented; and
- the Commission members are convinced that the position taken by the agency in not accepting a given recommendation is proper in the circumstances involved.

If implementation is not feasible, the Legislative Audit Commission may urge elimination of the recommendation in future reports.

Although infrequent, the Commission may be dissatisfied with an agency's lack of progress implementing audit recommendations and require the State agency to return to the Commission to report on the status of implementing audit report recommendations. As well, the Commission may notify the Governor if an executive agency or department refuses to comply with an audit recommendation. The Audit Commission may request an opinion from the Attorney General for the interpretation of statute and whether an agency is operating within statutory requirements. The Audit Commission requested no opinions from the Attorney General during 2019.

The Office of the Auditor General contracts with an independent auditor to perform a Statewide Single Audit of federal funds. This Statewide Single Audit fulfills the mandate for accepting federal funding. It includes all State agencies that are part of the primary government and expend federal awards. In total, 44 State agencies expended about \$27.5 billion in federal financial assistance in FY17. The various universities, the bonding authorities, and the Conservation Foundation are not included in the Statewide Single Audit. Federal findings are noted in the State compliance audit reports of these agencies.

The Statewide Single Audit for FY17 contained 72 findings with 53 repeat findings. The audit noted for the seventeenth time that the State does not have an adequate process in place to permit the timely preparation of a complete and accurate Schedule of Expenditures of Federal Awards (SEFA).

Seventy-one findings in the Statewide Single Audit were characterized as material weaknesses in internal control and/or material noncompliance with laws and regulations. These findings focused on deficiencies within agencies such as improperly drawing and reporting cash advances made under the Aging Cluster program at the Department on Aging. The Department of Human Services and the Department of Healthcare and Family Services did not have appropriate controls over the Integrated Eligibility System used for eligibility determinations performed for SNAP, TANF, CHIP, and the Medicaid Cluster program. Additionally, DHS had inadequate control over case file records maintained at its local offices, and DHS could not locate case file documentation supporting eligibility determinations. The Department of Children and Family Services did not maintain complete provider licensing files, including documentation of required background checks for foster care service providers. The Illinois Department of Employment Security was unable to generate reports to support administrative

grants. At least nine of the audit report's 72 findings related to agencies' deficiencies in monitoring subrecipients such as inadequate review of subrecipient audit reports or inadequate monitoring of programs.

## **Audit Review Highlights**

During 2019, the Legislative Audit Commission reviewed 130 compliance examinations and financial audit reports. Obviously, this statistic is of limited significance because there are wide variations in the reports regarding length, complexity of agency operations, and other factors. This figure, however, is not without meaning because it does reflect the wide range of the State's fiscal activities subjected to review by the General Assembly during this period.

The Commission is concerned with the timely review of compliance, financial, and performance audits. As a post-facto examination, there is a certain delay in the completion and review of audits. However, it is important that the process be concluded in a timely fashion to maximize the benefits of the audit program.

The Commission attempts to reach a satisfactory agreement regarding the disposal of each audit recommendation. However, many findings contained in the audit reports are not addressed in a timely manner by agency officials and thus repeat in subsequent audits. For the FY18 audit cycle, there were a total of 646 findings and 364 repeat findings (56.3%). Agencies identified various reasons for repeated findings. The most common causes of repeat findings in the audit reports were a lack of effective oversight/poor internal controls or lack of staffing and/or funding to implement the corrective action. Occasionally a finding may repeat in the same category such as property control or grant monitoring. The agency works to remedy that specific finding only to have another issue appear as a finding in the same category.

The Fiscal Control and Internal Auditing Act requires 36 designated State agencies plus the State colleges and universities and the public retirement systems to maintain a full-time program of internal auditing. Recent audits found that as many as seven of these agencies, required to have a Chief Internal Auditor, instead had entered into intergovernmental agreements with CMS to provide internal auditing services and together shared the Chief Internal Auditor appointed by CMS. For designated State agencies, not appointing a chief internal auditor and not having a full-time internal audit program is a violation of State law. Further, the Audit Commission is concerned that establishing a program of internal audit by interagency agreement and sharing a chief internal auditor weakens an agency's ability to assess its overall internal control environment. The chief internal auditor develops a deep understanding of the Agency's functions and processes; oversees and performs audits of the Agency's major system of internal accounting and administrative controls; and oversees and reviews major new information systems and modifications made to existing systems prior to implementation.

A strong internal audit function can be of great value to State government. In particular, the chief internal auditors commonly assist management in monitoring the design and proper functioning of internal control policies and procedures. In this capacity, internal auditors function

as an additional level of control. A formal internal audit function is particularly valuable for those activities involving a high degree of risk such as complex accounting systems and contracts with outside parties. The Attorney General issued an opinion on the issue dated August 9, 2019 stating "...multiple designated State agencies may not appoint the same individual as their chief internal auditor through an intergovernmental agreement." Designated State agencies should appoint a Chief Internal Auditor and ensure a full-time program of internal auditing is in place and functioning.

The Commission desires that State government operate efficiently and effectively and improve its economic standing. At the end of 2019, Illinois' unemployment was at 3.7%, and the national average was 3.5%. The State's general funds increased \$3.1 billion in 2019 compared to calendar 2018. A new law went into effect on January 1, 2018 requiring agencies to report on the amount of outstanding bills held at the agency. The State had a backlog of \$7.01 billion in unpaid bills at the end of 2019. That backlog exceeded \$16 billion in June 2017.

Appendix B, appearing on page 30, summarizes the audits considered at Legislative Audit Commission hearings during 2019, the number of audit recommendations, and the number of recommendations that were repeated from prior audits.

During 2019, the Commission gave special attention in its review activity to the topics which follow. The various departments and agencies listed usually agreed to implement specific audit recommendations or other changes, so that these weaknesses would no longer exist. In most instances, the findings were for FY16, FY17, or FY18.

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## **Failure of Internal Controls**

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The following agencies did not properly prepare reconciliations, accounting records, or financial information; had calculation or recording errors; did not properly destroy financial data or records; did not perform mandated transfers; or did not adequately monitor, process, or pay prompt payment interest, prize liabilities, payables, payment cards, travel cards, MCOs, or travel expenditures:

Deaf and Hard of Hearing Commission  
Department of Central Management Services  
Department of Central Management Services  
University Benefits Schedules  
Department of Employment Security  
Department of Healthcare & Family Services  
Department of Human Services  
Department of Labor  
Department of Lottery  
Department of Public Health  
Du Quoin State Fair  
Environmental Protection Trust Fund  
Commission  
Governors State University

Illinois Commerce Commission  
Illinois Health Information Exchange  
Authority  
Illinois Independent Tax Tribunal  
Illinois State University Retirement System  
Illinois Toll Highway Authority  
Judicial Inquiry Board  
Northeastern Illinois University  
Office of the Executive Inspector General  
Office of the Governor  
Office of the Comptroller, Fiscal Officer  
Responsibilities  
Procurement Policy Board  
University of Illinois

The following agencies had improper or untimely financial reporting; had inaccurate financial statements or fee reports; had inadequate financial reporting systems; or did not properly prepare financial reporting documents, GAAP packages, or financial reports for outside entities:

Deaf and Hard of Hearing Commission  
Decatur Metropolitan Authority  
Department of Employment Security  
Department of Healthcare & Family Services  
Department of Human Services  
Department of Insurance  
Department of Labor  
Department of Lottery  
Department of Public Health

Governors State University  
Illinois State Board of Investment  
Illinois Conservation Foundation  
Illinois Grain Insurance Corporation  
Illinois Health Information Exchange Authority  
Illinois Railsplitter Tobacco Settlement Authority  
Illinois Toll Highway Authority  
Northeastern Illinois University  
University of Illinois

The following agencies had improper controls over accounts receivable, receipts, receivables, receipts processing, fee reports, tuition waivers, subsidies, cash collections, filing fees, space rentals, revenues, debts owed, waiver agreements, vendor credit card payments, NSF checks, complimentary grand stand tickets, collection efforts, returned checks, locally held funds, processing refund receipts, vendor complimentary admission, or parking admission; had inaccurate or past due accounts receivable; did not protect the safety of grand stand receipts; did not seek lost revenue; did not adequately oversee student receivables; did not timely deposit receipts; or had inaccurate fee assessments:

Deaf and Hard of Hearing Commission  
Department of Healthcare & Family Services  
Department of Human Services  
Department of Insurance  
Department of Labor  
Department of Public Health  
Du Quoin State Fair  
Environmental Protection Trust Fund  
Commission  
Governors State University

Illinois Commerce Commission  
Illinois Grain Insurance Corporation  
Illinois Health Information Exchange  
Authority  
Illinois Independent Tax Tribunal  
Illinois Toll Highway Authority  
Judicial Inquiry Board  
Northeastern Illinois University  
Office of the Governor

The following agencies had inadequate controls over voucher processing, expenditures, vendor credit, vendor prepayments, vendor payment monitoring, or had unnecessary purchases:

Deaf and Hard of Hearing Commission  
Department of Agriculture  
Department of Employment Security  
Department of Human Services  
Department of Insurance  
Department of Lottery

Department of Public Health  
Illinois Health Information Exchange  
Authority  
Illinois State Police Merit Board  
Office of the Executive Inspector General  
Office of the Governor

The following agencies had inadequate controls over timesheets, payroll, segregation of duties, personnel policies, employee travel, project management, personal services, signature cards,

vehicle insurance, ethics training, employee training, employee evaluations, background checks, travel reimbursements, telecommunication devices, or employee records; had staffing limitations; did not adequately control and monitor the eTime system; had inadequate identity protection policies; did not meet new employee reporting requirements; or did not properly review travel vouchers, overtime, or self-approved timesheets:

- |  |  |
|--|--|
| Board of Examiners                         | Guardianship & Advocacy Commission       |
| Court of Claims                            | Illinois Arts Council                    |
| Deaf and Hard of Hearing Commission        | Illinois Commerce Commission             |
| Decatur Metropolitan Authority             | Illinois Emergency Management Agency     |
| Dept of Commerce & Economic Opportunity    | Illinois Health Information Exchange     |
| Department of Employment Security          | Authority                                |
| Department of Healthcare & Family Services | Illinois Independent Tax Tribunal        |
| Department of Human Services               | Illinois Merit Board                     |
| Department of Insurance                    | Illinois State Police                    |
| Department of Labor                        | Illinois Toll Highway Authority          |
| Department of Lottery                      | Judicial Inquiry Board                   |
| Department of Public Health                | Northeastern Illinois University         |
| Eastern Illinois University                | Office of the State's Attorney Appellate |
| General Assembly Retirement System         | Prosecutor                               |
| Governors State University                 | University of Illinois                   |

The following agencies had inadequate control over property, inventory, commodities, equipment, capital assets, records, recordkeeping, reports, transfers, vehicle insurance, use of State vehicles, or use of charging stations; did not have adequate segregation of duties related to property control; did not properly monitor recording and tracking of obsolete, transferable equipment; had missing computer and data storage; had surplus electronic storage media; did not properly acquire equipment; did not properly maintain State vehicles; or did not properly report vehicle accidents:

- |  |  |
|--|--|
| Board of Examiners                         | Guardianship & Advocacy Commission             |
| Deaf and Hard of Hearing Commission        | Illinois Arts Council                          |
| Dept of Commerce & Economic Opportunity    | Illinois Commerce Commission                   |
| Department of Employment Security          | Illinois Council on Developmental Disabilities |
| Department of Healthcare & Family Services | Illinois Emergency Management Agency           |
| Department of Human Services               | Illinois Health Information Exchange           |
| Department of Insurance                    | Authority                                      |
| Department of Labor                        | Illinois Toll Highway Authority                |
| Department of Lottery                      | Northeastern Illinois University               |
| Department of Public Health                | Office of the Attorney General                 |
| Governors State University                 | Office of the Governor                         |

The following agencies did not properly apply tuition rates; did not properly manage specialty tickets, trust funds, or excess funds; did not properly use federal funds; did not make required refunds to the U.S. Department of Education; did not have adequate controls related to federally funded programs, Title IV funds, federal account close outs, qualification of federal awards,

federal work study, population records, or subsidies; or did not have procedures to collect federal funds or to ensure federal reports were complete and accurate:

Board of Examiners  
Department of Human Services  
Department of Lottery  
Governors State University

Illinois Grain Insurance Corporation  
Northeastern Illinois University  
University of Illinois

The **Department of Public Health** did not have adequate controls over the reporting of vehicle accidents, fringe benefits for personal use of State vehicles, changes to vehicle assignments, maintaining vehicle records, or obtaining annual certifications of license and vehicle liability coverage.

The **Department of Labor** failed to establish and maintain adequate controls over its Special State Trust Fund, which holds unpaid wages due to employees.

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## **Failure to Monitor Computer Systems**

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The following agencies had inadequate controls over computer security, computer system access, disaster recovery, or confidential information; did not properly wipe computer equipment; did not properly protect confidential information on computer equipment; did not have a disaster recovery plan; did not have a contingency plan to reflect the current operating environment; did not perform risk assessments; or did not have adequate controls over purchased or leased computer equipment:

Department of Employment Security  
Department of Healthcare & Family Services  
Department of Human Services  
Department of Public Health

Governors State University  
Human Rights Commission  
Illinois Emergency Management Agency  
Northeastern Illinois University

The following agencies had inadequate controls over change management, upgrades to servers and work stations, computing environment, system inaccuracies, patch management software; did not have a system capable of generating reports; or did not have an annual computer system and update plan:

Department of Healthcare & Family Services  
Department of Human Services  
Department of Labor

Governors State University  
Illinois Emergency Management Agency  
Northeastern Illinois University

The **Department of Human Services** and the **Department of Healthcare and Family Services** lacked controls over the operation of the Integrated Eligibility System (IES) to sufficiently prevent the inaccurate determination of eligibility.



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## **Failure to Adequately Monitor Subrecipients, Contractors, Licensees, Members, or Vendors**

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The following agencies had inadequate controls over grant monitoring, contract monitoring, unspent grant funds, grade crossing grants, contract administration, grant administration, eligibility determinations, eligibility requirements, license agreements, contractual agreements, third party service providers' subrecipient monitoring processes, monitoring grant agreement requirements, grantees' quarterly and monthly reports, certifications and disclosures, signatory approvals, SNAP overpayment referrals, monitoring provider agencies, customer redeterminations, MCO contracts, or timely filing of annual reports by customers; did not properly identify and distinguish subrecipient and service providers; had contract filing documentation errors; or did not provide notices of observation status:

Board of Examiners  
Dept of Commerce & Economic Opportunity  
Department of Employment Security  
Department of Insurance  
Department of Healthcare & Family Services  
Department of Human Services  
Department of Labor  
Department of Public Health  
Du Quoin State Fair

Governors State University  
Illinois Arts Council  
Illinois Commerce Commission  
Illinois Grain Insurance Corporation  
Illinois Health Information Exchange  
Authority  
Northeastern Illinois University  
University of Illinois

The **Illinois Commerce Commission** did not provide notification of impending license expiration.

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## **Failure to Operate Within Statutory Authority**

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The following agencies did not comply with all statutes required for their operations, or did not seek legislative remedy to correct inadequate agency statutes:

Board of Examiners  
Dept of Commerce & Economic Opportunity  
Department of Employment Security  
Department of Healthcare & Family Services  
Department of Human Services  
Department of Insurance  
Department of Labor  
Department of Public Health  
Du Quoin State Fair  
Governors State University  
Guardianship & Advocacy Commission

Illinois Commerce Commission  
Illinois Emergency Management Agency  
Illinois Health Information Exchange  
Authority  
Illinois Independent Tax Tribunal  
Illinois State Board of Investment  
Northeastern Illinois University  
Office of the Governor  
Office of the Legislative Inspector General  
University of Illinois

The following agencies did not make timely appointments to boards, commissions, or task forces, or the entities did not meet as required:

Dept of Commerce & Economic Opportunity  
Department of Human Services  
Department of Lottery  
Department of Public Health  
Drycleaner Environmental Response Trust  
Fund Commission  
Human Rights Commission

Guardianship & Advocacy Commission  
Illinois Arts Council Foundation  
Illinois Council on Developmental Disabilities  
Illinois Health Information Exchange Authority  
Illinois Office of the Governor  
Northeastern Illinois University  
Sex Offender Management Board

The following agencies did not comply with the Fiscal Control and Internal Auditing Act; did not perform internal audits timely; did not have a chief internal auditor as required; did not maintain a full-time internal audit program; did not perform audits of major systems; or did not certify review of internal controls:

Dept of Commerce & Economic Opportunity  
Department of Employment Security  
Department of Insurance  
Department of Labor

Department of Public Health  
Illinois Emergency Management Agency  
Northeastern Illinois University

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## **Failure to Protect the State's Interest**

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The **Department of Healthcare and Family Services** failed to implement adequate fiscal-related monitoring controls over Managed Care Organizations (MCO) contracts. In addition, the Department failed to exercise or enforce fiscal-related monitoring controls as provided for in the various MCO contracts.

The **Department of Healthcare and Family Services** and the **Department of Human Services** did not maintain adequate controls to ensure applications for human service programs were reviewed and approved or denied within the mandated 45-day timeframe.

The **Department of Human Services** did not obtain or conduct reviews of external service providers.

The **Department of Human Services** failed to finalize and implement certain community integrated living arrangements (CILA) rules. Further, the Department failed to adequately monitor CILA providers during the examination period.

The **Department of Human Services** did not comply with requirements regarding the use of restraints.

The **Department of Insurance** did not assess penalties and interest owed to the Department by insurance companies who did not timely pay annual financial regulations fees or timely file required tax statements in accordance with the Illinois Insurance Code.

The **Department of Public Health** failed to provide updated information to breast cancer patients, had not consulted with appropriate medical societies in developing the information disseminated, and did not submit the required report to the General Assembly.

The **Department of Public Health** had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS).

**Northeastern Illinois University** did not implement procedures to ensure information concerning the investment of public funds was timely and accurately presented on the University website.

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## **Collection of Receivables**

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Accounts receivable are a valuable asset to the State and, as such, must be effectively accounted for and pursued for collection. Each agency must maintain an accounting system that enables them to establish, record, follow-up, collect, and possibly write off individual receivables.

Total gross receivables as of December 31, 2019 approximated \$17.9 billion. Of this amount, \$5.8 billion was deferred/installment receivables and approximately \$7.9 billion was estimated to be uncollectible. Thus, \$4.2 billion (23.4%) was estimated to be collectible.

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## **Performance Audits**

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Performance audits, a category that includes program, management, and efficiency audits, provide a more detailed and thorough examination of a topic than is possible in a compliance examination. The Auditor General is authorized to conduct performance audits when directed by either chamber of the Illinois General Assembly or by the Legislative Audit Commission. A performance audit means a post audit which determines:

- Whether the audited agency is managing or utilizing its resources in an economical and efficient manner;
- Causes of inefficiencies or uneconomical practices;
- Whether the objectives and intended benefits are being achieved, and whether efficiently and effectively;
- Whether the program is performed or administered as authorized or required by law; and

- Whether the program duplicates, overlaps, or conflicts with another State program.

One of the methods by which performance audits may be initiated is through the adoption of a resolution by the Legislative Audit Commission. There were no resolutions adopted in 2019 by the Legislative Audit Commission requesting performance audits.

The following is a summary of the two performance audits reviewed by the Legislative Audit Commission during 2019. Auditors will follow-up on these recommendations with each agency and report on whether the recommendations were implemented in the agency's individual compliance examination.

### **Performance Audit of DHS Oversight of the Community Integrated Living Arrangements (CILA) Programs**

On March 15, 2017, the Illinois House of Representatives adopted Resolution No. 34 which directed the Auditor General to conduct a performance audit of the oversight of the Community Integrated Living Arrangements (CILA) program at the Department of Human Services (DHS).

Specifically, the resolution asked that the audit:

- Review the process for licensing;
- Determine whether oversight and monitoring comply with statutes and regulations;
- Review transition from State Operated Developmental Centers (SODC) to CILAs;
- Review role of Community Resource Associates (CRAs) in transition and support;
- Review the status of Money Follows the Person (MFP) initiative; and
- Review DHS procedures for complaints against CILA licensees and any actions taken.

The Community Services Act (405 ILCS 30) directs DHS to assume leadership in facilitating an array of services for persons with mental health and/or developmental disabilities that will strengthen the individuals' self-esteem, participate in and contribute to community life, and prevent unnecessary institutionalization.

As of May 2017, DHS licensed more than 3,000 CILA locations around the State with over one-third of all CILAs being located in Cook County. These CILAs served approximately 10,000 individuals. For the period FY12-FY16, DHS:

- expended over \$2 billion on CILA services with the majority for clients with developmental disabilities;
- additionally expended nearly \$6.1 million for a contractor to provide transition planning and support, and expended more than \$28 million on 17 Independent Service Coordinators whose primary role is to assist with finding individuals appropriate living arrangements; and
- transitioned 408 individuals to CILAs from State-Operated Developmental Centers (SODCs).

## **Report Conclusions**

Auditors found weaknesses in DHS' licensing process including failures to:

- publish accurate survey data;
- complete timely annual reviews;
- accurately account for notices of violation in its database;
- complete all surveys, require plans of correction, and approve all plans of correction; and
- exercise ability to revoke a CILA license.

Auditors found weaknesses in DHS oversight and monitoring of the CILA Program including failures to:

- conduct all CILA reviews by the Bureau of Quality Management (BQM);
- monitor CILA residents' personal funds by DHS;
- maintain supporting documentation for community placement interest by individuals at SODCs;
- share findings from DHS bureaus/offices with licensing staff; and
- recover funds from CILAs providers not providing services for which they were paid.

There was a lack of documentation to support that all required transition visits were conducted for individuals that transitioned to CILAs from SODCs.

DHS utilized Community Resource Associates (CRA), on a decision from the Governor's Office from the previous administration, to assist in closing SODCs. Auditors found weaknesses in DHS' oversight of CRA including questionable procurement strategies and failure to maintain documentation to support required CRA contractual deliverables. DHS paid CRA an additional \$233,000 for services already required by the contract.

The audit report contained 26 recommendations directed to DHS. According to updated responses to the audit from DHS, the Department had implemented 13 recommendations and partially implemented 10 recommendations. The Department disagreed with three recommendations involving adequate sharing of information between bureaus and the process to determine to initiate a review of a CILA provider; procurement strategies to contract with vendors; and demonstrating a need for services from contracted vendors and necessary documentation to show how State funds should be expended.

### **Performance Audit of the State's Leasing Decision**

On June 28, 2017, the Illinois General Assembly adopted House Joint Resolution Number 63 which directed the Auditor General to conduct a performance audit of the State's decision to enter into a five-year, \$2.4 million lease for property at 2410 South Grand Ave. East in Springfield, Illinois. Specifically, the resolution asked that the audit determine:

1. The justification for the space request by the Department of Human Services (DHS);

2. Whether the Department of Central Management Services (CMS) or other appropriate State agencies considered renovating the existing space and, if so, what projections were made for the cost of renovating the existing space;
3. Whether CMS considered the availability of other State-owned or leased space;
4. Whether CMS conducted an analysis of the cost-benefit of purchasing instead of leasing the property at 2410 South Grand Ave. East, Springfield, Illinois;
5. Whether DHS or any other appropriate State agency has conducted a cost-benefit analysis comparing the costs of digitizing records as compared to maintaining records in hard copy form;
6. The role of the Procurement Policy Board ("Board") in reviewing the lease;
7. Identification of the persons involved in the procurement, and their respective roles and responsibilities;
8. The process, time frame, and coordination followed by CMS in examining the lease requirements and advertising the procurement opportunity, including any steps taken to ensure adequate competition;
9. Whether any confidential information was shared by the CMS leasing agent;
10. The decision of CMS to proceed with the warehouse lease after receiving only one bid; and
11. Whether relationships between the seller of the property ("Barney's"), the buyer of the property, and the chairman of the Procurement Policy Board played a role in the warehouse lease.

Three different agencies were specifically named in the audit resolution: the Department of Central Management Services, the Department of Human Services, and the Procurement Policy Board. In addition, auditors also met with officials from the Department of Innovation and Technology, the Chief Procurement Office for General Services, and the Executive Ethics Commission.

### **Background**

Dwight Correctional Center (Dwight) was closed effective March 26, 2013. In October 2013, the Illinois Department of Corrections submitted a request to the Department of Central Management Services (CMS) to surplus the Dwight property. At that time, it was decided to use the prison site for Department of Human Services (DHS) file storage. DHS began moving file cabinets and boxes to Dwight in January 2014.

In September 2015, DHS submitted a space request to CMS for a new **file warehouse** in Central Illinois. The solicitation was issued and four bids were received by the due date of December 15, 2015. On April 20, 2016, an offer was selected from MGM Jefferson Corporation for property at 719 W. Jefferson St. in Springfield, Illinois.

In September 2015, the CMS Bureau of Communications and Computer Services (BCCS), which is now DoIT, submitted a space request for an **IT and Telecommunications Support Center** to be located in Springfield. The solicitation was issued twice with no bids received. The solicitation was issued a third time with two bids received by the due date of

February 24, 2016. On April 20, 2016, an offer was selected from Climate Controlled Holdings, LLC for property at 2410 South Grand Ave. East in Springfield, Illinois.

On July 8, 2016, CMS decided to switch the lease facilities, awarding the DHS file warehouse to Climate Controlled Holdings and awarding the IT and Telecommunications Support Center to MGM Jefferson Corporation. It appeared that the decision to switch the leases was done with the intent of finding the best fit for the agencies as well as protecting both prospective landlords from loss of time, effort, and monies already expended.

### **Report Conclusions**

The decision to enter into the lease actually involved two different leases – one for a file storage warehouse and one for an IT (Information Technology) and Telecommunications Support Center. After the winning vendors were selected but prior to the final award, the Department of Central Management Services (CMS) switched the purposes of the leases and the using agencies. However, CMS violated a provision of the Illinois Procurement Code by awarding leases to vendors who were not qualified respondents for the leases awarded. For example, the vendor awarded the warehouse lease was not a qualified respondent under the Procurement Code as it had submitted a response for the IT and Telecommunications Support Center and not the warehouse lease. This was no fault of the vendors as the decision to switch leases was made by CMS. In addition:

- Offers were evaluated and awards selected based on the requirements set forth in the solicitation document. These requirements were then changed.
- CMS and the Chief Procurement Office for General Services have characterized the switch of the leases as substituting using agencies. However, the switch was not a simple substituting of using agencies. Not only were the agencies changed, the purposes of the leases were changed, the structural layouts were changed, the tenant space requirements were changed, and the prices offered were changed.
- Other responders did not get the opportunity to change their bids to meet the new lease requirements violating the principle of fair and equal treatment.
- By not rebidding, CMS may have excluded potential bidders who were not afforded the opportunity to bid on the new space requirements.
- The State Purchasing Officer responsible for reviewing the leases could not provide adequate documentation of review.

Other key findings of the audit include the following:

- The information provided by CMS to the Procurement Policy Board for the Department of Human Services (DHS) warehouse lease was misleading and incomplete which hampered the Board's ability to review the lease. A draft version of the information sent to the Board contained additional language explaining the switching of leases but it was removed in the final version sent to the Board.
- The amount of space requested in the DHS space request was insufficient to meet its file storage needs. DHS also could not provide documentation demonstrating any cost savings resulting from consolidating files.

- CMS did not conduct an analysis of the cost-benefit of purchasing instead of leasing the property at 2410 South Grand Ave. East.
- DHS has not conducted a comprehensive cost-benefit analysis of digitizing records.

This audit report contained ten recommendations: five recommendations directed to CMS; two recommendations directed to the CPO; one recommendation directed to both CMS and the CPO; one recommendation directed to DHS; and one recommendation directed to the Procurement Policy Board. The agencies generally agreed with the recommendations with the exception of the CPO who initially disagreed with Recommendation Number One, but then implemented the recommendation according to updated responses.

### **Regional Offices of Education**

The Commission reviewed 23 annual financial audits from the 35 **Regional Offices of Education** and two of the three **Intermediate Service Centers**. The most common finding concerned financial reporting and the financial reporting process. Most responded that they would implement the recommendations.

### **Special Inquiries**

The State Auditing Act also provides for several different types of audits, including special reports and investigations. The Act defines an investigation as an inquiry into specified acts or allegations of impropriety, malfeasance, or nonfeasance in the obligation, expenditure, receipt, or use of public funds. Investigations are initiated by resolution of the General Assembly or by the Legislative Audit Commission. The Auditor General may also at any time make informal inquiries of a State agency. Such inquiries are not in the nature of an audit, and are usually initiated at the request of a member of the General Assembly. The Audit Commission requested no special audits in 2019.

### **Legislative Program**

One of the purposes of the audit review program is to identify and act on problems requiring a legislative solution. The Governor signed the following bills changing the statutes as recommended by audit reports or Audit Commission members.

House Bill 359—allows universities to sell surplus real property and deposit proceeds into separate local accounts for deferred maintenance and emergency repair. (PA101-0213)

House Bill 1551—Requires the Auditor General to commence a performance audit of new DCFS requirements concerning children returned to parents within one year of the effective date and requires a follow-up audit two years later. (PA101-0237)



House Bill 2894—Moves frequency of All KIDS audit from annual to triennial. (PA101-0272)

House Bill 2940—allows IEMA to study impact and cost of nuclear power subject to appropriation and repeals certain grant and pilot programs at ICJIA. (PA101-0149)

Senate Bill 171—Abolishes the Drycleaner Council and transfers responsibilities to EPA. (PA101-0400)

## **Other Duties and Responsibilities**

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The General Assembly has assigned the Legislative Audit Commission a variety of duties and responsibilities in addition to its principal duty to review the post audit program in Illinois.

## **Review of Emergency Purchases**

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The Illinois Procurement Code (30 ILCS 500/) states: “It is declared to be the policy of the State that the principles 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 when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to State property in order to protect against further loss of or damage to State property, to prevent or minimize serious disruption in critical State services that affect health, safety, or collection of substantial State revenues, or to ensure the integrity of State records; provided that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than three business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file a statement with the Procurement Policy Board and the Auditor General to set forth the circumstances requiring the emergency purchases. Agencies may also make Quick Purchases to procure items available at a discount for a limited period of time. The Legislative Audit 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.

An annual analysis is also performed to detect trends and possible patterns of abuse. A summary of emergency purchases reported during 2019 appears on page 31 in Appendix C.

Each emergency transaction is reviewed to establish that:

- An "emergency," as defined under Emergency Purchases in the Procurement Code, actually existed;
- The action taken by the agency was appropriate under the circumstances; and
- Steps were taken whenever possible to obtain bids or competitive quotations in order to obtain the most favorable terms for the State.

There were 118 statements for emergency purchases filed in 2019 totaling approximately \$49.1 million. Presented below is a compilation of 2019 emergency purchases in dollar categories.

\$10,000 or Less	8
\$10,001 to \$100,000	36
\$100,001 to \$500,000	56
\$500,001 to \$1,000,000	6
\$1,000,001 or More	12

Included in the above summary were 12 emergency purchases exceeding \$1,000,000 as follows:

\$6,000,000.00 to the **Department of Corrections** to ensure continued IT infrastructure and applications for the Offender 360 Tracking System (System). The vendor selected is already performing these tasks and was selected for emergency purchase to ensure no disruption in the System while the new contract is up for competitive bid.

\$2,250,000.00 to the **Department of Innovation and Technology** to continue services under the Oracle Software Master contract for annual maintenance and support of Oracle hardware and software until a new contract is awarded. This enables the Department, other governmental units, and qualified not-for-profit agencies to purchase services on an as needed basis. Continuation of these services is necessary to ensure these applications can support multiple agencies' responsibilities to citizens.

\$2,014,414.33 to the **Department of Innovation and Technology** to continue the current contract with the vendor who provides maintenance and support for the Oracle Software, a database management system, until a new contract is negotiated and executed with a different vendor. Failure to purchase ongoing maintenance for the software places the State at risk for the product to stop working or extended service interruptions.

\$3,000,000.00 to the **Department of Natural Resources** for the continuation of the current permitting/licensing services and for additional services related to the Department's fall turkey hunting season and voter registration program. The Department of Innovation and Technology was meant to take over these responsibilities with a new system, but has experienced delays

related to the selected vendor responsible to administer this system. Emergency procurement is necessary to prevent or minimize serious disruption in critical State services.

\$1,496,316.38 to the **Department of Natural Resources** for emergency services at the Hennepin Canal in Bureau County near Tiskilwa. There were two levee breaks, one upstream and one downstream. The Department must install two earthen coffer dams at the breaks along with a culvert to investigate the nature of the breaks. Immediate engineering and construction services are necessary to eliminate the threat to public safety and to prevent further damage to a State asset.

\$1,500,000.00 to the **Department of Transportation** to repair the deteriorating section of I-74, west of Peoria. The safety of vehicles changing lanes is compromised as motorists may not be able to see the transition from previous repairs to current decayed sections. An asphalt plant had to open early from winter closure to provide necessary materials, adding to the cost of this emergency procurement.

\$1,120,959.00 to the **Capital Development Board** to provide various upgrades to the water distribution system at the Manteno Veterans' Home. A case of Legionellosis was detected in a resident at the home leading to an emergency procurement to protect against further cases of Legionnaires' disease at the Home.

\$2,084,500.00 to the **Capital Development Board** for construction services to implement repairs of an electrical system in a residential housing unit at the Big Muddy Correctional Center in Ina. The electrical system was recently identified as faulty, which put the Department's operations in jeopardy.

\$1,351,000.00 to the **Capital Development Board** to renovate the basement in Oak Hall, located at the Choate Mental Health and Development Center in Anna, into a Statewide Processing Center (Center). This Center was requested by DHS to be procured through CDB under emergency declaration due to the immediate need of additional space for new staff to work in order to dramatically lower the backlog of applications for public benefits in the Integrated Eligibility System. Expediency for this project is imperative to enable the State to achieve compliance with federal Medicaid laws related to timely eligibility determinations and redeterminations.

\$1,125,000.00 to the **Capital Development Board** for design services to renovate the first floor of Holly Hall, located at the Alton Mental Health Center, into a call center. Under scrutiny from the federal government, DHS requested CDB to procure vendors under emergency declaration to perform the renovation. The call center is necessary to alleviate current wait times as high as 50 minutes and abandonment rates well exceeding 50%. Expediency for this project is crucial to enable the State to achieve compliance with federal Medicaid laws related to timely communication between beneficiaries and DHS staff.

\$2,958,000.00 to the **University of Illinois** for an Organ Procurement Organization to provide human organs and tissues for transplants as well as distribution and transportation of organs, laboratory services, patient/donor educational programs, and notification of organ availability.

The University stated that the emergency purchase was required due to a situation in which critical state services were threatened.

\$4,255,535.31 to the **University of Illinois** for storage and delivery of medical and surgical supplies for UI Hospital. The current exemption and vendor approval expired and continued distribution of these materials is necessary until the Board of Trustees approval is obtained for the continuation of the exempt purchase.

## **Travel Control**

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The Legislative Audit Commission has the responsibility to monitor the quarterly reports of the various travel control boards established pursuant to statute. There are 10 separate boards governing the employees of the legislative branch, each constitutional officer, the State Board of Education, and higher education institutions. The chairs of the 10 travel control boards together comprise the Travel Regulation Council. The Travel Regulation Council establishes the State travel regulations and reimbursement rates, which shall be applicable to all personnel subject to the jurisdiction of the various travel control boards. These 10 travel control boards have the duty to establish the maximum rate permitted for the reimbursement of their respective employee travel expenses which may be more restrictive than those established by the Council.

Each State agency is required to file reports of all of its officers and employees for whom official headquarters have been designated at a location other than that at which official duties require them to spend the largest part of their working time. Such reports are to be filed semi-annually with the Legislative Audit Commission and the Commission is to comment on all such reports.

A summary of travel headquarter reports for 2019 and the number of individuals who spend the largest part of their working time away from their designated headquarters appears in Appendix D on pages 32-34.

## **Bids Awarded to Other Than the Lowest Bidder**

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As a result of PA 96-795, the Legislative Audit Commission reviews information on the awarding of contracts to other than the lowest bidder. The statute states that a contract shall be awarded to the lowest responsible and responsive bidder except when a State purchasing officer determines it is not in the best interest of the State and by written explanation determines another bidder shall receive the award. The written explanation shall appear in the Illinois Procurement Bulletin and be filed with the Legislative Audit Commission and the Procurement Policy Board. The Audit Commission received no notices that agencies awarded contracts to other than the lowest bidders in 2019.

## **Audit of the Office of the Auditor General**

The Legislative Audit Commission is responsible for the biennial compliance examination of the Office of the Auditor General, which is performed by independent certified public accountants under a contract with the Commission. The auditors follow the same instructions and standards applicable to all audits performed pursuant to the Illinois State Auditing Act. To assure the independence of the examination, the Commission requires that the contract auditor cannot participate in the audit program administered by the Auditor General. In addition, after the completion of three examinations, a different firm must be selected. The most recent compliance examination covered the two years ended June 30, 2017. There were no material in immaterial findings of noncompliance disclosed during the auditors' tests.

## **Rules and Regulations of the Office of the Auditor General**

The Legislative Audit Commission has oversight responsibility for rulemakings of the Auditor General. The Commission is given an opportunity, by statutory authority, to comment on all proposed rules of the Office. The Auditor General's Office adopted new rulemakings in 2019 that reflect changes in professional standards applicable to the audits performed by the OAG. Also the Office shortened the Agency response time for findings and recommendations from 21 days to 14 days. It also added language to ensure OAG rules do not conflict with other State laws pertaining to audits and attestation engagements conducted by other State agencies.

# Office of the Legislative Audit Commission

Audit Commission members monitor all expenditures of the Audit Commission. The following is a summary of expenditures made from appropriations for Fiscal Year 2019 and an interim report as of January 1, 2020.

## I. Financial Statement - Year Ended June 30, 2019

<u>Expenditure Object</u>	<u>Appropriation</u>	<u>Expended</u>	<u>Lapsed</u>
Personal Services		\$ 222,995	
Retirement, Employer		8,711	
Social Security		16,581	
Contractual Services		3,854	
Travel		454	
Commodities		945	
Printing		364	
Equipment		2951	
Electronic Data Processing		-0-	
Telecommunications		445	
*Interest Prompt Payment (included in above line items)		<u>23</u>	
<b>TOTAL</b>	<b>\$ <u>273,000</u></b>	<b>\$ <u>257,303</u></b>	<b>\$ <u>15,696</u></b>

## II. Status of FY20 Appropriation at January 1, 2020

<u>Expenditure Object</u>	<u>Appropriation</u>	<u>Expended</u>	<u>Balance</u>
Personal Services		\$ 115,483	
Retirement, Employer		4,178	
Social Security		8,466	
Contractual Services		74,909	
Travel		1,085	
Commodities		979	
Printing		-0-	
Equipment		136	
Electronic Data Processing		-0-	
Telecommunications		219	
*Interest Prompt Payment (included in above line items)		<u>10</u>	
<b>TOTAL</b>	<b>\$ <u>426,900</u></b>	<b>\$ <u>205,458</u></b>	<b>\$ <u>221,441</u></b>

There were no material findings of noncompliance disclosed in the compliance examination of the Legislative Audit Commission performed by the Office of the Auditor General for the two years ended June 30, 2019.

**APPENDIX A**  
**Financial Audits and Compliance Examinations**

**CONSTITUTIONAL OFFICERS**

Office of the Comptroller

    Fiscal Officer Responsibilities (FY18)

    Non-Fiscal Responsibilities (FY17-18)

Office of Lieutenant Governor (FY16-17)

Office of the State Appellate Defender (FY17-18)

Office of the State's Attorney Appellate Prosecutor (FY17-18)

Office of the Attorney General (FY17-18)

Office of the State Treasurer

    Fiscal Officer Responsibilities (FY17), (FY18)

    The Illinois Funds (FY17-18)

    College Savings Program (FY17-18)

    Illinois Achieving a Better Life Experience Program (FY17), (FY18)

**CODE DEPARTMENTS**

Department of Agriculture

    DuQuoin State Fair (FY16-17)

Department of Central Management Services

    Community College Health Insurance Security Fund (FY18)

    Deferred Compensation Plan (FY17-18)

    Local Government Health Insurance Reserve Fund (FY18)

    State Employees Group Insurance Program Report (FY16-17), (FY18)

    Teacher Health Insurance Security Fund (FY16-17), (FY18)

    University Benefits Schedule Examination (FY18)

Department of Commerce and Economic Opportunity (FY17-18) (FY18)

Department of Employment Security (FY16-17)

Department of Healthcare and Family Services (FY16-17), (FY17)

Department of Human Rights Commission (FY16-17)

Department of Human Services (FY16-17), FY17)

Department of Insurance (FY17-18)

Department of Labor (FY16-17)

Department of Lottery (FY16-17)

Department of Public Health (FY16-17)

Department of State Police

    Statewide 9-1-1- Fund and Wireless Carrier Reimbursement Fund (FY17-18)

    Merit Board (FY17-18)

**LEGISLATIVE AGENCIES**

Commission on Government Forecasting and Accountability

General Assembly, House of Representatives

General Assembly Retirement System (FY18)

## **LEGISLATIVE AGENCIES, CONTINUED**

Legislative Information System (FY17-18)

Legislative Inspector General (FY13-14), (FY15-16), (FY16-17)

## **OTHER AGENCIES**

Chicago Transit Authority

    Employees Retirement Plan (FY18)

    Retiree Health Care Trust, (FY18)

Court of Claims (FY16-17)

Deaf and Hard of Hearing Commission (FY16-17)

Decatur Metropolitan Exposition, Auditorium and Office Building Authority (FY18)

DryCleaner Environmental Response Trust Fund Council (FY18)

Environmental Protection Trust Fund Commission (FY17-18)

Guardianship and Advocacy Commission (FY16-17)

Illinois Arts Council Foundation (FY16-17)

Illinois Board of Examiners (FY16-17)

Illinois Commerce Commission (FY16-17)

Illinois Conservation Foundation (FY18)

Illinois Council on Developmental Disabilities (FY16-17)

Illinois Emergency Management Agency (FY16-17)

Illinois Grain Insurance Corporation (FY16-17)

Illinois Health Information Exchange Authority (FY14), (FY15-16)

Illinois Independent Tax Tribunal (FY16-17)

Illinois Mathematics and Science Academy (FY18)

Illinois Pollution Control Board (FY17-18)

Illinois Procurement Policy Board (FY17-18)

Illinois State Board of Investment (FY18)

Illinois State Toll Highway Authority (FY14), (FY15), (FY16), (FY17)

IMSA Fund for Advancement of Education (FY17-18)

Judges' Retirement System (FY18)

Judicial Inquiry Board (FY17-18)

Railsplitter Tobacco Settlement Authority (FY17-18)

Sex Offender Management Board (FY17-18)

Southwestern Illinois Development Authority (FY17-18)

State Board of Elections (FY16-17)

State Employees' Retirement System

    Report on Allocation of Pension Amounts (FY17)

State Actuary's Report (FY18)

Student Assistance Commission (17-18)

    Golden Apple Scholars (FY17-18)

    Illinois Prepaid Tuition Program (FY17), (FY18)



## **HIGHER EDUCATION**

Eastern Illinois University (FY17-18)  
Governors State University (FY18)  
Northeastern Illinois University (FY18)  
State Universities Retirement System (FY18)  
University of Illinois (FY18)

## **REGIONAL OFFICES OF EDUCATION**

Adams, Brown, Cass, Morgan, and Pike Counties, No. 1 (FY18)  
Bond, Christian, Fayette, Effingham and Montgomery Counties, No. 3 (FY18)  
Champaign and Ford Counties, No. 9 (FY18)  
Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, and Shelby Counties, No. 11 (FY18)  
Clay, Crawford, Jasper, Lawrence, and Richland Counties, No. 12 (FY18)  
DeWitt, Livingston, Logan, and McLean Counties, No. 17 (FY18)  
Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties, No. 20 (FY18)  
Fulton, Hancock, McDonough, and Schuyler Counties, No. 26 (FY17)  
Bureau, Henry, and Stark Counties, No. 28 (FY18)  
Alexander, Jackson, Perry, Pulaski, and Union Counties No. 30 (FY16)  
Kane County, No. 31 (FY18)  
Iroquois and Kankakee Counties, No. 32 (FY18)  
LaSalle, Marshall and Putnam Counties, No. 35 (FY18)  
Macon and Piatt County, No. 39 (FY18)  
Monroe and Randolph Counties, No. 45 (FY18)  
Lee, Ogle, and Whiteside Counties, No. 47 (FY16)  
Peoria County, No. 48 (FY18)  
Rock Island County, No. 49 (FY17), (FY18)  
St. Clair County, No. 50 (FY18)  
Mason, Tazewell, and Woodford Counties, No. 53 (FY18)  
Vermillion, No. 54 (FY18)  
Will County, No. 56 (FY17)  
Intermediate Service Center No. 2 (FY15)  
Intermediate Service Center No. 4 (FY17)

## **OTHER**

Performance Audit of the DHS Oversight of CILA Program  
Performance Audit of the State's Leasing Decision

**APPENDIX B**  
**Agencies Appearing Before the Commission**

	<u>Audit Recommendations</u>	
	<u>Total</u>	<u>Repeated</u>
<b>CODE DEPARTMENTS</b>		
Department of Central Management Services		
Performance Audit of the State's Leasing Decision	6/10	N/A
Department of Commerce and Economic Opportunity		
Compliance (FY17-18)	10	9
Statewide Single Audit (FY18)	2	N/A
Department of Healthcare and Family Services		
Financial & Compliance (FY16-17)	26	7
Statewide Single Audit (FY17)	7	4
Department of Human Services		
Financial & Compliance (FY16-17)	42	20
Statewide Single Audit (FY17)	15	14
Performance Audit of the DHS Oversight of CILA Program	26	N/A
Performance Audit of the State's Leasing Decision	1/10	N/A
Department of Insurance		
Compliance (FY17-18)	11	3
Department of Labor		
Compliance (FY16-17)	14	12
Department of Public Health		
Compliance (FY16-17)	10	N/A
<b>AGENCIES</b>		
Chief Procurement Office—General Services	3/10	N/A
Performance Audit of the State's Leasing Decision		
Procurement Policy Board	1/10	N/A
Performance Audit of the State's Leasing Decision		
<b>HIGHER EDUCATION</b>		
Governors State University		
Financial, Compliance & Single Audit (FY18)	19	12
Northeastern Illinois University		
Financial, Compliance & Single Audit (FY18)	21	12
University of Illinois		
Financial, Compliance & Single Audit (FY18)	18	15

**APPENDIX C**  
**Emergency Purchase Transactions**  
**Calendar Year 2019**

	<b>Purchases</b>	<b>Anticipated Cost</b>
<b>CONSTITUTIONAL OFFICERS</b>		
Auditor General	1	\$ 123,500.00
Secretary of State	1	136,275.00
Treasurer - Fiscal Officer	1	53,164.90
<b>CODE DEPARTMENTS</b>		
Agriculture - State Fair	1	200,725.00
Central Management Services	2	173,069.78
Corrections	14	7,645,750.66
Financial and Professional Regulation	1	50,000.00
Human Services	2	416,500.00
Innovation and Technology	8	6,167,763.08
Natural Resources	10	5,884,899.47
Public Health	5	245,831.00
Revenue	1	140,500.00
Transportation	19	4,230,766.40
Veterans' Affairs	5	1,331,418.88
<b>OTHER AGENCIES</b>		
Capital Development Board	13	7,479,326.89
Emergency Management Agency	1	-
Housing Development Authority	2	690,786.00
Military Affairs	1	-
<b>UNIVERSITIES</b>		
Chicago State University	2	194,338.00
Governor's State University	1	797,998.00
Illinois State University	3	618,631.00
Northern Illinois University	3	276,468.50
University of Illinois	21	12,049,690.82
<b>GRAND TOTAL</b>	<b>118*</b>	<b>\$ 48,907,403.38</b>

\*Eight emergency purchases were at no cost to the State.

**APPENDIX D**  
**Travel Headquarter Reports**  
**December 31, 2019**

<b>CONSTITUTIONAL OFFICERS</b>	<b><u>Reported</u></b>
Attorney General	0
Auditor General	0
Comptroller	14
Office of the Governor	
Executive Ethics Commission	2
Inspector General	2
Lieutenant Governor	0
Secretary of State	264
State Treasurer	0
<b>JUDICIAL AGENCIES</b>	
Administrative Office of the Illinois Courts	0
Judges' Retirement System	0
Judicial Inquiry Board	0
State Appellate Defender	18
State's Attorney Appellate Prosecutor	14
Supreme Court Historic Preservation Commission	0
Court of Claims	0
<b>LEGISLATIVE AGENCIES</b>	
Commission on Government Forecasting & Accountability	0
General Assembly	
House – Democratic Clerk/Fiscal	0
House Democrat Leadership	10
House – Republican	0
Senate	0
Retirement System	0
Joint Committee on Administrative Rules	0
Legislative Audit Commission	0
Legislative Ethics Commission	2
Legislative Information System	0
Legislative Inspector General	2
Legislative Printing Unit	0
Legislative Reference Bureau	0
Office of the Architect of the Capitol	0
<b>CODE DEPARTMENTS</b>	
Department on Aging	0
Department of Agriculture	188
Department of Central Management Services	48

Department of Children and Family Services	0
Department of Commerce and Economic Opportunity	48
Department of Corrections	607
Department of Juvenile Justice	60
Department of Employment Security	3
Department of Financial and Professional Regulation	98
Department of Healthcare and Family Services	34
Department of Human Rights	0
Department of Human Services	202
Department of Innovation & Technology	40
Department of Labor	14
Department of Lottery	0
Department of Military Affairs	6
Department of Natural Resources	NR
Department of Public Health	452
Department of Revenue	0
Department of State Police	24
Department of Transportation	964
Department of Veterans' Affairs	0

#### **OTHER AGENCIES**

Abraham Lincoln Presidential Library & Museum	0
Arts Council	0
Capital Development Board	13
Civil Service Commission	5
Commerce Commission	14
Criminal Justice Information Authority	0
Deaf and Hard of Hearing Commission	0
Educational Labor Relations Board	5
Emergency Management Agency	0
Environmental Protection Agency	4
Executive Ethics Commission	0
Governor's Office of Management and Budget	0
Guardianship & Advocacy Commission	0
Housing Development Authority	12
Human Rights Commission	0
Illinois Board of Examiners	12
Illinois Finance Authority	1
Illinois Gaming Board	0
Illinois Power Agency	1
Illinois Law Enforcement Training & Standards Board	5
Illinois Racing Board	0
Independent Tax Tribunal	0
Labor Relations Board	0
Math & Science Academy	0
Planning Council on Developmental Disabilities	0

Pollution Control Board	0
Prisoner Review Board	15
Procurement Policy Board	0
Property Tax Appeal Board	0
State Board of Education	23
State Board of Elections	8
State Board of Investment	NR
State Fire Marshal	87
State Employees' Retirement System	4
State Police Merit Board	5
State Toll Highway Authority	0
Teachers' Retirement System	0
Workers' Compensation Commission	9

**HIGHER EDUCATION**

Board of Higher Education	0
Chicago State University	13
Eastern Illinois University	37
Governors State University	0
Illinois State University	171
Illinois Student Assistance Commission	0
Northern Illinois University	118
Northeastern Illinois University	0
Southern Illinois University	0
State Universities Civil Service System	1
State Universities Retirement System	1
University of Illinois	0
Western Illinois University	51

\*NR = No report submitted for the period ending December 31, 2019.