STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011

Performed as Special Assistant Auditors
For the Auditor General, State of Illinois

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011

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Financial Statement Report

The Department's financial statement report for the year ended June 30, 2011, which includes the report of independent auditors, basic financial statements and notes, supplementary information, and the independent auditors' report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* has been issued separately.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

AGENCY OFFICIALS

Director	Mr. Malcolm Weems - Acting (Effective June 16, 2011 through present)
	Mr. James Sledge (Through June 16, 2011)
Assistant Directors	Ms. Christine Cegelis (Through May 31, 2011)
	Mr. Steve McCurdy
Chief Operating Officer	Ms. Tasha Cruzat (Effective September 20, 2010)
	Mr. Doug Kucia (April 1, 2010 through April 24, 2010)
	Ms. Elizabeth Nicholson (Through September 21, 2009)
Chief Fiscal Officer	Mr. Paul Romiti
General Counsel	Ms. Nadine Lacombe (Effective February 10, 2010)
	Ms. Debra Matlock (Through December 31, 2009)
Chief Internal Auditor	Mr. Spenser Staton (Effective September 16, 2010)
	Ms. Carol Kraus (Through October 13, 2009)

AGENCY OFFICE LOCATION

715 Stratton Office Building
401 South Spring Street
Springfield, IL 62706

CMS
ILLINOIS Pat Quinn, Governor
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
Malcolm Weems, Acting Director

MANAGEMENT ASSERTION LETTER

April 3, 2012

Sikich LLP
Certified Public Accountants
3201 West White Oaks Drive, Suite 102
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Department. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department's compliance with the following assertions during the two year period ended June 30, 2011. Based on this evaluation, we assert that during the years ended June 30, 2010 and June 30, 2011, the Department has materially complied with the assertions below.

A. The Department has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. The Department has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

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

D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Department of Central Management Services

Malcolm Weems, Director

Paul Romiti, Fiscal Officer

Nadine Lacombe, General Counsel

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance, on Internal Control Over Compliance and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	Current Report	Prior Report
Findings	16	19
Repeated findings	12	18
Prior recommendations implemented or not repeated	7	6

Details of findings are presented at pages 14 through 50 of this report.

SCHEDULE OF FINDINGS

Item Number	Page	Description	Finding Type
		FINDINGS *(GOVERNMENT AUDITING STANDARDS)*	
11-1	14	Weaknesses in internal control over financial reporting	Material Weakness and Material Noncompliance
11-2	17	Inadequate security and control over the midrange environment	Significant Deficiency

Item Number	Page	Description	Finding Type
		FINDINGS (STATE COMPLIANCE)	
11-3	19	Inadequate control over property and equipment	Significant Deficiency and Noncompliance
11-4	21	Inadequate justification for cancellation of a procurement of temporary staffing services master contract	Significant Deficiency and Noncompliance
11-5	25	Weaknesses in controls over payments to employees related to leave of absence	Significant Deficiency and Noncompliance
11-6	27	Failure to establish a prescription drug benefit program for school districts	Significant Deficiency and Noncompliance
11-7	28	Inadequate software licensing monitoring	Significant Deficiency and Noncompliance
11-8	30	Failure to meet statutory reporting requirements	Significant Deficiency and Noncompliance
11-9	32	Noncompliance with the Fiscal Control and Internal Auditing Act	Significant Deficiency and Noncompliance
11-10	35	Documentation of Chief Internal Auditor experience and training not sufficient	Significant Deficiency and Noncompliance
11-11	37	Follow up to management audit of the Department's Administration of the Business Enterprise Program	Significant Deficiency and Noncompliance
11-12	41	Surplus property management process weaknesses	Significant Deficiency and Noncompliance
11-13	43	Not timely in filing contracts with the Comptroller	Significant Deficiency and Noncompliance

Item Number	Page	Description	Finding Type
		FINDINGS (STATE COMPLIANCE) – (Continued)	
11-14	45	Failure to develop rules or policies describing the State employees' group insurance program	Significant Deficiency and Noncompliance
11-15	47	Inadequate monitoring of interagency agreements	Significant Deficiency and Noncompliance
11-16	49	Avoidable use of emergency contracts	Significant Deficiency and Noncompliance

In addition, the following findings which are reported as current findings related to *Government Auditing Standards* also meet the reporting requirements for State Compliance.

Item Number	Page	Description	Finding Type
11-1	14	Weaknesses in internal control over financial reporting	Material Weakness and Noncompliance
11-2	17	Inadequate security and control over the midrange environment	Significant Deficiency

Item Number	Page	Description
		PRIOR FINDINGS NOT REPEATED
A	51	Excess retained earnings balances representing noncompliance with federal regulations
B	51	Reporting of costs not in accordance with federal regulations
C	51	Incomplete and inaccurate records over computer systems and equipment
D	52	Inadequate disaster contingency planning
E	52	Time sheets not maintained in compliance with the State Officials and Employees Ethics Act
F	52	Leases in holdover status
G	52	Late approval and payment of vouchers

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on March 28, 2012. Attending were:

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

Paul Romiti, Chief Fiscal Officer
Tammy Compton, Fiscal
Roger Nondorf, Chief Administrative Officer
Amy Walter, Internal Auditor
Denise Reed, Administrative Assistant

OFFICE OF THE AUDITOR GENERAL

Terri Davis, Audit Manager

SIKICH LLP

Gary Neubauer, Partner
Megan Cochran, Supervisor
Amy De Weese, Senior Accountant

The responses to the recommendations were provided by Paul Romiti in a letter dated April 3, 2012.

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INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Central Management Services' (the Department's) compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2011. The management of the Department is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Department's compliance based on our examination.

A. The Department has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. The Department has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

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

D. State revenues and receipts collected by the Department are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

E. Money or negotiable securities or similar assets handled by the Department on behalf of the State or held in trust by the Department have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the Department's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Department's compliance with specified requirements.

As described in finding 11-1 in the accompanying schedule of findings, the Department did not comply with requirements regarding:

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

Compliance with such requirements is necessary, in our opinion, for the Department to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the Department complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2011. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as findings 11-3 through 11-16.

Internal Control

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Department's internal control over compliance with the requirements listed in the first paragraph of this report as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over compliance that we considered to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in an entity's internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance as described in the accompanying schedule of findings as item 11-1 to be a material weakness.

A *significant deficiency in an entity's internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 11-2 through 11-16 to be significant deficiencies

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter to your office.

The Department's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the Department's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Department as of and for the year ended June 30, 2011, which collectively comprise the Department's basic financial statements, and have issued our report thereon dated April 3, 2012. The accompanying supplementary information, as listed in the table of contents as Supplementary Information for State Compliance Purposes, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Department. The 2011 Supplementary Information for State Compliance Purposes, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2011 taken as a whole.

We have also previously audited, in accordance with auditing standards generally accepted in the United States, the Department's basic financial statements for the years ended June 30, 2010 and 2009. In our reports dated March 4, 2011 and March 25, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, each major fund, and the aggregate remaining fund information. In our opinion, the 2010 and 2009 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the years ended June 30, 2010 and 2009, taken as a whole.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor and agency management, and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Springfield, Illinois
April 3, 2012

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Central Management Services as of and for the year ended June 30, 2011, which collectively comprise the State of Illinois, Department of Central Management Services' basic financial statements and have issued our report thereon dated April 3, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the State of Illinois, Department of Central Management Services is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the State of Illinois, Department of Central Management Services' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Central Management Services' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Central Management Services' internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in finding 11-1 in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in finding 11-2 in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Department of Central Management Services' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 11-1.

The State of Illinois, Department of Central Management Services' responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the State of Illinois, Department of Central Management Services' responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor and Department management, and is not intended to be and should not be used by anyone other than these specified parties.

Sikich LLP

Springfield, Illinois
April 3, 2012

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

CURRENT FINDINGS –
GOVERNMENT AUDITING STANDARDS

FOR THE YEAR ENDED JUNE 30, 2011

11-1 **FINDING:** (Weaknesses in internal control over financial reporting)

The Department's year-end financial reporting in accordance with generally accepted accounting principles (GAAP) to the Illinois Office of the State Comptroller contained significant errors in the determination of certain year-end account balances and note disclosures.

The Illinois Office of the State Comptroller (IOC) requires State agencies to prepare year-end financial reports (GAAP Reporting Packages) for each of their funds to assist in the annual preparation of the statewide financial statements and the Department's financial statements. GAAP Reporting Package instructions are specified in the Statewide Accounting Management System (SAMS) Manual, Chapter 27. Management is responsible for adopting sound accounting policies and for establishing and maintaining internal controls that will, among other things, initiate, authorize, record, process, and report financial data reliably and consistent with management's assertions embodied in the financial statements.

During our audit of the June 30, 2011 financial statements, we noted material weaknesses and significant deficiencies resulting from the Department's failure to establish adequate internal control over the accumulation of information necessary for the proper reporting of financial information as follows:

- The Department is responsible for recording a liability for workers' compensation claims for injuries incurred before year-end that are probable of resulting in an award. This liability is to include estimated losses for pending or claims considered to be in the process of being awarded at the end of the fiscal year as well as estimated losses for claims that are unreported at year-end. The Department currently uses a methodology that includes an estimate of pension-type awards likely to be paid for injuries already incurred. The Department estimated this portion of the total workers' compensation liability by calculating an average annual number of new awards being paid over the last five fiscal years. Utilizing this methodology, the Department has estimated only 36 pension-type awards with a cost of $24 million that will be made in the future for injuries incurred prior to June 30, 2011. This methodology does not include any consideration of historical information relating to the date of the injury to the period when pension-type payments would begin. Based on information maintained by the Department relating to current pension-type awards being paid, it takes in excess of three years from the date of injury before payments begin on pension-type awards for 87% of the claims. As such, we believe claims with approximate awards of $93 million represent a more reasonable estimate of the future pension-type awards to be made for injuries incurred prior to June 30, 2011. This results in an understatement of the liability in the Department's financial statements of approximately $69 million. The estimate would be more accurate if actuarially calculated based on projected outcomes based on facts and circumstances inherent in the individual claims and by applying a consistent and supported assessment of those individual claims. Department officials have stated the determination of a liability on an individual case basis is not feasible given competing priorities and staffing issues. They further stated the suggested methodology seems labor intensive and assumes that the authority, skill sets and staffing will be consistently available for someone to continually assess all the items on the pending claims listing. The Department has adjusted the financial statements to record the additional liability.

- We noted several other errors in the preparation of the Department's financial statements. The errors included improperly calculating the amount reported as "invested in capital assets, net of related debt," overstating accounts payable, failure to eliminate all inter-department charges for internal service fund activity, errors in the allocation of functional expenses, and errors in the calculation of the current year lease payments and the future minimum lease payments in the operating leases footnote. The errors noted were not individually significant to the financial statements taken as a whole; however, the Department did not have effective controls over the reconciliation and review functions to ensure amounts were properly reported at June 30, 2011. Department officials have stated that the Department completes GAAP packages in accordance with deadlines established by the IOC. Data is compiled from various agency accounting sub systems into GAAP format. Estimates must be used and thresholds applied to complete required reporting in the timeframe imposed. Final fiscal year reconciliations of agency records are then completed as part of the normal financial reporting process. Any resulting differences are identified and if material, communicated to the IOC for adjustment in GAAP. The identified items were not material to either the Department statements or the Statewide statements; however, the Department did record adjustments for the elimination of inter-department charges and the allocation of functional expenses.

- The Department did not perform a physical count of the commodities inventory on hand at any of the twelve commodity storage locations and was unable to provide a value of the inventory on hand at June 30, 2011. The Department also has not developed or maintained oversight policies and procedures regarding the commodities inventory. Procedures over commodities inventory should include maintaining perpetual inventory records and periodically reconciling records to physical counts. Generally accepted accounting principles also require the proper valuation of inventory for financial reporting purposes. While the commodities inventory balance was not deemed material to the 2011 financial statements, the lack of a physical count or procedures over the commodities inventory does not provide for the determination of a value of the commodities inventory balance at the end of the fiscal year. Future year financial statements could be misstated as a result.

As a result of these deficiencies, the Department's financial statements required material adjustments at June 30, 2011 and other financial information was inaccurate. (Finding Code No. 11-1, 10-1, 09-1, 08-4, 07-4)

RECOMMENDATION:

We recommend the Department implement procedures to ensure GAAP Reporting Packages prepared and submitted to the Office of the State Comptroller for financial reporting purposes are complete and accurate. We further recommend the Department utilize an actuary to estimate the workers' compensation liability or establish a methodology to more reasonably estimate the outstanding pension-type workers' compensation liability by utilizing a case-by-case analysis for known claims and more relevant historical information for other probable claim losses.

DEPARTMENT RESPONSE:

The Department agrees with the recommendations.

Except for the finding related to the Workers' Compensation calculation, the items detailed above were not material to the Department statements or the statewide statements.

An adjustment was posted to the financial statements for the additional Workers' Compensation liability. The Department plans to contract with an actuary for assistance with future Workers' Compensation liability calculations. In addition, CMS financial staff will examine actual liability figures and compare them with the CMS estimates ($24 million) and auditors' estimates ($93 million). Based on these comparisons and improved data collection, we will consider any additional historical and current period injury related variables that affect the accuracy of the estimating methodology and make the necessary improvements to enhance accuracy.

The Department continues to cross train and encourage communication and awareness among fiscal and Shared Service Center accounting staff regarding fiscal transactions and the related financial statement treatment. Increased review of financial reports and in particular lapse period transactions continues to be a major focus of the Department. The Department is also working with the Shared Services center on documenting the internal GAAP process.

In terms of commodities inventory, it is Department practice to only purchase commodities sufficient to meet short-term needs. We do not stockpile commodities. We agree to document a policy outlining our commodities purchasing practices.

11-2 **FINDING:** (Inadequate security and control over the midrange environment)

Although the consolidation was authorized in January 2005, the Department had not implemented adequate security and controls over the midrange environment.

20 ILCS 405/405-410, effective January 15, 2005, mandated the Department to consolidate Information Technology functions of State government. Due to the consolidation, eleven agencies' IT functions were consolidated into the Department. As a result of the consolidation, the Department became responsible for the security and control of the midrange environment.

Although the Department had implemented standards to secure and control the midrange environment, the standards did not require widespread deployment to legacy systems. As such, the Department still had not implemented effective security controls over all servers in the midrange environment.

Upon review, we noted standards had not been consistently applied on all servers. Specifically, we noted servers:

- Running unsupported operating systems or service pack versions,
- Without anti-virus software,
- Not properly backed up,
- With deficient password length and content requirements,
- With administrative and user accounts which did not require passwords.

Additionally, we noted the Department had not conducted a comprehensive review of individuals with administrative rights to the environment, to ensure appropriateness.

Although the Department shares responsibility with consolidated agencies, the Department has the ultimate responsibility to effectively secure and control its midrange environment which supports agency applications and data. As outlined in 20 ILCS 405/405-10 (4) - It shall be the duty of the Director and the policy of the State of Illinois to manage or delegate the management of the procurement, retention, installation, maintenance, and operation of all electronic data processing equipment used by State agencies in a manner that provides for adequate security protection. Since the Department has primary control over the midrange environment, it was incumbent upon them to ensure adequate controls existed to protect agency applications and data. In addition, generally accepted information technology guidance endorses the development of well-designed and well-managed controls to protect computer systems and data. Effective computer security controls provide for safeguarding, securing, and controlling access to hardware, software, and the information stored in the computer system.

Department officials stated while many new comprehensive policies, standards, procedures, processes and associated tools have been developed and implemented to properly address the issues, there are a large number of older systems running on data center servers that cannot be updated until agencies upgrade their applications.

Many of the processes that are required to properly secure the midrange environment are very complex and must be fully tested to ensure that existing agency applications are not impacted by installing operating system updates, anti-virus protection, and/or patches. These legacy agency applications were designed and developed to run on hardware and systems that have since become obsolete – converting the applications to the latest systems is an expensive and lengthy process. Progress in these areas and the other elements in the finding have been hampered over the past few years by staff shortages and financial constraints, neither of which we anticipate will be improving in the near future.

Without the implementation of adequate controls and procedures, there is a greater risk unauthorized access to the Department or agency resources may be gained and data destroyed or misused. Prudent business practices dictate the Department strengthen its security to protect its assets and resources against unauthorized access and misuse. (Finding Code No. 11-2, 10-2, 09-4, 08-7, 07-11)

RECOMMENDATION:

The Department should ensure the standards to secure and control the environment are implemented across the midrange environment.

Specifically the Department should:

- Standardize password length and content requirements and ensure all accounts require a password.
- Update servers to current vendor recommended patch or service pack levels.
- Ensure all servers are running antivirus software.
- Ensure all servers are routinely backed up.
- Conduct a comprehensive review of individuals with administrative rights to ensure appropriateness.

DEPARTMENT RESPONSE:

The Department concurs and will continue to strive toward standardization and maturity in the midrange environment.

The Department has implemented numerous policies, standards, processes, procedures and tools to help address these issues. Due to the size and nature of the disparate environment, many of the legacy agency environments do not fully meet the standards, but we are working to improve these environments and working with the agencies to update applications where needed. Implementing these changes is very time and resource consuming in such a large and diverse environment.

11-3 **FINDING:** (Inadequate control over property and equipment)

The Department has not provided adequate control over property and equipment. We tested the physical inventory and location of equipment and equipment transfers, and noted deficiencies as described below.

Physical Inventory and Location of Equipment

During our testing of the physical inventory and location of equipment, we selected a sample of 60 items noting the following weaknesses in internal controls:

- Four items valued at $1,806 could not be located. These items include the following: wireless network adaptor, desk, vacuum and a folding table.
- Four items valued at $9,799 were not located on the "Items Over $500" report despite meeting the criteria for inclusion. These items include the following: desktop CPU, monitor mount, storage equipment and a power source.
- Two items valued at $56,155 were deemed obsolete but still included in the property listing. The items, an external storage system and a color printer, were not sent to surplus property for appropriate disposition.
- Three items valued at $1,159 were found at locations other than the location listed in the property records. These items include the following: monitor, storage cabinet and a transformer system.

The State Property Control Act (30 ILCS 605/4) requires the Department be accountable for the supervision, control and inventory of all property under its jurisdiction and control. In addition, good internal control procedures require the proper tracking of property and equipment. The Department has procedures to track the movement of equipment throughout the Department, but these procedures were not followed in all cases.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal and fiscal control to provide assurance that funds, property, and other assets are safeguarded against waste, loss, unauthorized use and misappropriation.

Department officials have stated the inventory system has over 50,000 items valued in excess of $224 million at 329 locations controlled by 167 property control coordinators and, property control usually takes a low priority in the many duties of the coordinators.

Furthermore, the Department is using an antiquated property control system that does not contain adequate efficiencies or effectiveness to properly monitor and account for inventory.

Equipment Transfers

During our testing of transfers of property and equipment, we noted one item with an original cost of $225,000 did not have the purchase price included on the Surplus Property Delivery Form as required by the Illinois Administrative Code (44 Ill. Adm. Code 5010.310). In addition, one item with an original cost of $6,850 did not have the purchase price or purchase date on the Vehicle Acquisition & Change Report as required by the Illinois Administrative Code (44 Ill. Adm. Code 5010.320). Finally, we noted one interagency transfer with an original cost of $11,812 for which the Department did not retain a signed receipt from a representative of the receiving agency. Illinois Administrative Code (44 Ill. Adm. Code 5010.310) requires the Department to retain a signed receipt from a representative of the receiving agency for transferable property.

Department officials have stated that there is a lack of staff knowledge within many agencies with procedures regarding proper documentation on the surplus property delivery forms.

Failure to maintain accurate property control records increases the potential for theft or misappropriation of State assets. In addition, property improperly included on the Department's inventory may result in inaccurate fixed assets reports and misstated financial information. However, all of the errors noted above were immaterial to the financial statements, and therefore, no adjustments to the financial statements were necessary. (Finding Code No. 11-3, 09-6, 08-6, 07-10, 06-10, 05-18, 04-18, 02-1)

RECOMMENDATION:

We recommend the Department implement adequate controls and procedures to ensure property and equipment is properly safeguarded and records are complete and accurate and properly complete and maintain supporting documentation for transfers.

DEPARTMENT RESPONSE:

The Department concurs that existing inventory and transfer procedures should be followed more closely. We continue to improve training in this area. The Department notes that of the 13 items listed in the finding valued at $68,919, only 4 items valued at $1,806 could not be located, a significant improvement from the prior audit.

11-4 **FINDING:** (Inadequate justification for cancellation of a procurement of temporary staffing services master contract)

The Department lacked adequate justification for the cancellation of a Request for Proposal (RFP) for temporary staffing services. In addition, the Department effectively limited competition in the subsequent Invitation for Bid (IFB) through establishment of criteria which ultimately resulted in the disqualification of all but one vendor, the incumbent, which responded to the IFB.

During the current period, the procurement and award files for 14 solicitations, contracts, or renewals awarded in fiscal years 2010 and 2011 were selected for testing, totaling a maximum award amount of approximately $339.3 million. In 1 of the 14 (7%) contracts reviewed, a $12.7 million, (including potential extensions) master contract to provide temporary staffing services for Cook County, the Department cancelled the original RFP procurement without adequate justification and subsequently awarded a contract under an IFB that effectively limited competition. The RFP/IFB specifications included estimated hours for various base services plus estimated additional skills to be provided under the contract. This contract was procured prior to the establishment of the Executive Ethics Commission.

The Illinois Procurement Code (30 ILCS 500/20-15 states that "...when the purchasing agency determines in writing that the use of competitive sealed bidding is either not practicable or not advantageous to the State, a contract may be entered into by competitive sealed proposals." The Department, in the Economic Justification section of the Procurement Business Case for the RFP stated "Releasing a Request for Proposals would allow the State to evaluate vendors to select the most qualified vendors to serve as a primary, secondary and tertiary provider. Issuing an Invitation for Bids would not allow the State to evaluate vendors which may result in entering into a contract with a vendor whose level of expertise does not meet the needs of the State."

In documenting the justification for the cancellation, the Department stated the State would incur an approximate 31% increase in total costs based on estimated usage if the proposer with the highest point total (Vendor A) were awarded the contract. This justification is flawed for the following reasons:

1. The RFP requested rate per hour pricing information for base services and price quotes for additional skills/services needed by the State. Vendor A received the highest point total based on the evaluation of technical capabilities and price in part because they only proposed hourly rates for base services with no cost to the State for additional skills/services to be provided under the contract. This proposal did not result in the lowest cost to the State. However, the stated 31% increase in costs only compared the base costs estimated to be paid to the Incumbent under the current contract to the total estimated costs bid by Vendor A. Had total costs, including costs for additional skills/services, been compared for the entire potential length of the contract, the difference between the current Incumbent cost and the proposed Vendor A cost was only 10%. To represent the Vendor A proposal would result in a 31% increase was misleading.

2. Under the RFP, the Incumbent's proposed total costs would have resulted in an increase of 3.8% over the costs being charged by Incumbent using current contract pricing.
3. The evaluation of the proposals failed to adequately consider that three other proposers received the second, third, and fifth highest total point score from the evaluation and actually submitted a proposal that would have resulted in a savings to the State when compared to the costs being incurred under the current Incumbent contract, as summarized in the following table:

	Proposal Scoring			Estimated Price		Amount Over (Under) Existing Contract (a)	
Proposer	Technical	Price	Total	Base	With Renewals	Base $6,756,710	With Renewals $13,513,421
Vendor A	430	500	930	$ 7,434,437	$ 14,868,874	$ 677,727	$ 1,355,453
Vendor B	454	427	881	6,654,065	13,342,861	(102,645)	(170,560)
Vendor C	442	423	865	6,117,102	12,404,624	(639,608)	(1,108,797)
Vendor D	453	384	837	7,301,850	14,629,435	545,140	1,116,014
Vendor E	435	383	818	6,651,382	13,354,568	(105,328)	(158,853)
Vendor F (Incumbent)	455	360	815	6,760,674	14,012,113	3,964	498,692

(a) Represents estimated total cost to the State under the existing contract with the Incumbent based on estimated demand as specified in the proposal/bid documents. For purposes of this comparison, no price increase is assumed for the proposal period.

As specified in section 1.11 of the RFP, the Department stipulated to all proposers that "We may accept or reject your Offer as submitted, or may require contract negotiations. If negotiations do not result in an acceptable agreement, we may reject your Offer and begin negotiations with another Vendor." The Department solicited best-and-final offers but there is no documentation negotiations were conducted with any of the proposers.

Once the RFP procurement was cancelled, the Department changed the procurement method to an Invitation for Bid. For the IFB solicitation, Section 2.1.3.2 required vendors to meet the following: "Vendors must have at least five years experience in providing like or similar temporary employee job classifications and additional skills, during which time Vendors must have at least three years experience in meeting the yearly estimated demand of hours in the job classifications required in the contract." The yearly estimate of hours represented the approximate actual hours of service provided by the Incumbent for the actual positions filled. There were a total of 12 vendors who submitted bids for the IFB. Three of the vendors were disqualified due to not providing the small business registration form with their bid. Eight other vendors were disqualified because it was determined they did not specifically meet the experience and hour demand requirements filling the exact positions as referenced above. This resulted in the award of these services to the Incumbent vendor, who submitted the third lowest price of the 12 vendors and was the only vendor deemed responsive.

The Illinois Procurement Code (30 ILCS 500/1-15.80) defines a responsible bidder or offeror as "…a person who has the capability in all respects to perform fully the contract requirements and the integrity and reliability that will assure good faith performance." The Code (30 ILCS 500/1-15.85) further defines a responsive bidder as "…a person who has submitted a bid that conforms in all material respects to the invitation for bids."

Six of the 17 vendors who submitted bids for the RFP also submitted bids for the IFB. The RFP evaluation resulted in all vendors being considered responsive and responsible, that is, fully capable in all respects to perform the contract. However, for the IFB, five of these same vendors considered responsible in the RFP solicitation were considered non-responsive and disqualified from being considered for the award even though the scope of services was not changed. Three of these same vendors also scored higher than the Incumbent in the technical evaluation category of the RFP relating to assessment of the vendor's ability to meet the demand hour placement requirements and a history in fulfilling like or similar job classifications.

Cancelling a competitive Request for Proposal procurement without adequate justification represents a failure to comply with the intent of the Procurement Code to enable agencies to procure goods or services utilizing a methodology designed to be most advantageous to the State. Establishing criteria under an Invitation for Bid procurement that are so restrictive as to result in the disqualification of all but one bidder fails to promote competition as required by the Procurement Code. (Finding Code No. 11-4)

RECOMMENDATION:

We recommend the Department establish appropriate controls to ensure the procurement process is conducted in a fair and open manner that does not restrict or exclude any potential bidders.

DEPARTMENT RESPONSE:

The Department agrees that appropriate controls are necessary to ensure that procurement processes are conducted in a fair and open manner that does not restrict competition. This is a commitment taken very seriously within the agency and processes are in place to sufficiently and effectively monitor RFP and IFB execution.

The decision to cancel the RFP was related to statewide efforts related to cost containment and the Agency determined cancellation to be in the best interest of the State. This was done and approved with review and input of numerous members of agency leadership. The agency would agree that this approval should have been better documented.

The agency's decision to convert the previous RFP procurement approach to an IFB approach is viewed as an acceptable action under the Illinois Procurement Code. This is consistent with our belief that when a good or service being sought can be sufficiently quantified to allow for a more objective and price-based decision through an IFB process, that doing so is an appropriate action. We concur that in doing so, we must be vigilant while replacing areas of subjective evaluation with mandatory requirements that do not unduly limit opportunities to compete for responsible providers, while likewise taking care to ensure that minimum requirements are effectively defined to ensure important needs can be met.

11-5 **FINDING:** (Weaknesses in controls over payments to employees related to leave of absence)

The Department did not timely ensure employees on leave of absence were properly reported in the payroll system which resulted in overpayments to the employees.

We tested 60 employees that took a leave of absence during fiscal years 2010 and 2011 noting 5 (8%) employees were not included in the payroll system properly. The employees were overpaid a total of $7,237 requiring the employees to subsequently reimburse the State for compensation improperly received as follows:

- One employee returned from an interim assignment-leave of absence on July 25, 2009 but received compensation for the entire pay period resulting in an overpayment for five workdays totaling $1,252. The overpayment was not reimbursed to the State until September 30, 2011.

- One employee started a service-connected disability leave of absence on March 29, 2010 but received compensation of $1,374 for the next pay period. The Department did not identify the overpayment until June 15, 2010 and the employee still owes the State.

- One employee started a non-service disability leave of absence on August 26, 2009 but received compensation for the entire pay period resulting in an overpayment for three workdays totaling $820. The Department did not identify the overpayment until May 2010 at which time the employee reimbursed the State.

- One employee started a non-service disability leave of absence on January 14, 2011 but received compensation for the entire pay period resulting in an overpayment for one workday totaling $315. The Department did not identify the overpayment until September 2011 at which time the employee reimbursed the State.

- One employee started a non-service disability leave of absence on January 14, 2011 but received compensation of $3,476 for the next pay period. The Department did not identify the overpayment until October 2011 and the employee still owes the State.

The Department's Personnel Transactions Manual, Section 7, states employees on disability leave of absence are "...not entitled to the normal pay and accrual of benefits that are afforded to active employees."

Department officials stated there can be potential transaction processing delays that affect payroll when processing leave of absence changes.

Failure to promptly remove employees from the payroll records could result in improperly spent State funds and could create a financial hardship to the employee if they do not realize their compensation has not been computed properly. (Finding Code No. 11-5)

RECOMMENDATION:

We recommend the Department improve controls over leave of absence reporting to ensure employees are properly compensated in accordance with policy and recoup overpayments which remain outstanding.

DEPARTMENT RESPONSE:

The Department concurs with the overall recommendation and will review the system in place to ensure that all paperwork affecting transactions is transmitted in a timely manner to the A & R Shared Services Center for processing. The Department will also review the Payroll process to ensure Payroll accurately recoups all monies owed to the State in a timely manner.

Due to the nature of the leave and payroll processes, there will be instances where, due to timing, leave changes cannot be corrected until subsequent payrolls are processed. The Department believes it has compensating controls to identify and rectify these situations in most cases, but will improve timeliness.

11-6 **FINDING:** (Failure to establish a prescription drug benefit program for school districts)

The Department has not made available a prescription drug benefit program for school districts as set forth in the School Employee Benefit Act.

The School Employee Benefit Act (Act) (105 ILCS 55/5 and 55/20) requires the Department of Central Management Services to establish and administer a prescription drug benefit program that will enable eligible school employees access to affordable prescription drugs on a non-insured basis.

Department officials stated this program has not been funded by the General Assembly as initiating the program would require seed money from the General Revenue Fund. The Department has no resources to develop and market the program prior to collecting revenue from participating school districts. Department officials further stated demand for this program is lacking because school districts contracting for full health insurance programs have limited ability to separate prescription drug coverage from an established health plan contract.

Failure to establish a prescription drug benefit program for school districts is in noncompliance with the Act. (Finding Code No. 11-6)

RECOMMENDATION:

We recommend the Department establish a prescription drug benefit program for school districts as required by the School Employee Benefit Act or seek legislation to remove the requirement.

DEPARTMENT RESPONSE:

The Department concurs that the Prescription Drug benefit program for school districts has not been established, due to lack of start-up funding and staffing. We will seek a legislative amendment through the General Assembly session to make this program an optional offering. Our group insurance programs are under great financial pressure and payment delays, and this program cannot be offered unless fully self-supported through revenues other than GRF.

11-7 FINDING: (Inadequate software licensing monitoring)

Although the consolidation was authorized in January 2005, the Department still did not have an effective mechanism in place to track, control, and monitor end-user software use.

20 ILCS 405/405-410, effective January 15, 2005, mandated the Department to consolidate Information Technology functions of State government. Due to the consolidation, eleven agencies' IT functions were consolidated into the Department. As a result of the consolidation, the Department became responsible for tracking, controlling, and monitoring software use and licenses.

The Department did not have an effective mechanism in place to track the number of vendor software licenses purchased versus the number of software copies deployed. The Department did have an automated inventory scanning tool; however, had not conducted a comprehensive software license reconciliation (self-audit) of the number of software licenses being utilized.

During the examination period, three vendors conducted audits of the number of software licenses utilized as compared to the number of software licenses purchased. Two of the vendor audits concluded the Department owed $179,728 for additional licenses already in use.

20 ILCS 405/405-10 (4) states it shall be the duty of the Director and the policy of the State of Illinois to "manage or delegate the management of the procurement, retention, installation, maintenance and operation of all data processing equipment used by State agencies..."

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

Department officials stated that although they have processes in place to improve future software purchase tracking, the review of the past purchases and license requirements is a very time consuming effort. While a plan is in place to correct this, progress has been hampered over the past few years by staff shortages and financial constraints, neither of which is anticipated will be improving in the near future.

Failure to effectively track, control, and monitor end-user software use leaves the Department exposed to the possibility of additional costs, including fees, penalties and litigation. Routine monitoring would help ensure that software use and licenses are reconciled. (Finding Code No. 11-7, 09-8, 08-10, 07-14)

RECOMMENDATION:

The Department should develop and implement an effective mechanism to routinely track, control, and monitor end-user software use.

DEPARTMENT RESPONSE:

The Department concurs, and has implemented procedural steps to ensure license compliance for all new software moves, additions and changes. A project is underway to reconcile past purchases and license counts for software that was inherited from the legacy agencies.

11-8 **FINDING:** (Failure to meet statutory reporting requirements)

The Department failed to file reports as required by statute.

During our testing we noted reports required to be completed and submitted by the Department have not been filed as follows:

- The Executive Reorganization Implementation Act (15 ILCS 15/11) requires "Every agency created or assigned new functions pursuant to a reorganization shall report to the General Assembly not later than 6 months after the reorganization takes effect and annually thereafter for 3 years. This report shall include data on the economies effected by the reorganization and an analysis of the effect of the reorganization on State government. The report shall also include the agency's recommendations for further legislation relating to reorganization." On April 1, 2009, the Governor signed Executive Order 2009-7, "Executive Order to Reduce Energy Consumption in State Facilities." This Order abolished the Interagency Energy Conservation Committee and made the Department responsible for implementing a program to increase energy efficiency, track and reduce energy usage and improve the procurement of energy for all State-owned and State-leased facilities for all agencies. To date no reports have been filed regarding this reorganization. Department officials stated they were unaware of the reporting requirement and have since compiled and filed the report on March 28, 2012 with the General Assembly.

- The Identity Protection Act (5 ILCS 179/37(b)) states "Each agency must provide a copy of its identity-protection policy to the Social Security Number Protection Task Force within 30 days after the approval of the policy." The Department approved its identity-protection policy on May 31, 2011 but the policy has not been submitted to the Social Security Number Protection Task Force as required. Department officials stated this was caused by an oversight during staffing turnover.

- The Civil Administrative Code of Illinois (20 ILCS 405/405-20(b)) states "the Department under the Director shall formulate a master plan for statistical research, utilizing electronic equipment most advantageously, and advising whether electronic data processing equipment should be leased or purchased by the State. The Department under the Director shall prepare and submit interim reports of meaningful developments and proposals for legislation to the Governor on or before January 30 of each year." The Department has not submitted the reports to the Governor as required. Department officials stated the Agency had developed a draft report in FY11; however, it was not finalized until after the January 30th submission deadline. The report was submitted to the new State CIO on February 4th, 2011.

Failure to submit required reports is a violation of State statute and hinders the State's ability to 1) monitor the effects of reorganization on State government, 2) consider future legislation relating to reorganization or use of electronic data processing equipment that may be warranted, or 3) evaluate the effectiveness of the Department's identity-protection policy. (Finding Code No. 11-8, 09-12, 08-14)

RECOMMENDATION:

We recommend the Department comply with the State statutes and submit all required reports on a timely basis or seek legislative remedy to have the statutory requirement removed.

DEPARTMENT RESPONSE:

The Department concurs with the recommendations. The Department has developed a strategic initiatives document and submitted it to the Governor's Office. We will make every effort to update this document and submit it within the required time frames. With regard to the Identity Protection Act, the policy was submitted on December 21, 2011.

Additionally, CMS's Bureau of Legal Services has created a comprehensive spreadsheet centrally indicating all reporting requirements and deadlines. We are also in the process of implementing a "tickler" system that will be "owned" by Legal. This electronic system will obviate the inefficiency caused by multiple individuals manually tracking their bureaus' statutory reporting responsibilities.

11-9 **FINDING:** (Noncompliance with the Fiscal Control and Internal Auditing Act)

The Department did not comply with the Fiscal Control and Internal Auditing Act (FCIAA) that requires audits of major systems of internal accounting and administrative control.

The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IIA Standards) require the Department to develop risk-based plans to determine the priorities of the internal audit activities while the Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/2003) establishes specific mandates regarding internal audit requirements at Illinois State agencies.

The Act requires the internal auditing program to include audits of major systems of internal accounting and administrative control be conducted on a periodic basis so that all major systems are reviewed at least once every two years. The Department could not demonstrate that audits of major systems were being completed once every two years as required by the Act and certain risk assessment processes lacked sufficient documentation as follows:

- The fiscal year 2011 internal audit plan identified 11 high risk audits to be performed. The Department has not completed or issued any of these 11 audits through the date of this report. Department officials stated documentation was not properly updated and maintained, identifying changes in audits to be completed, based on an additional risk assessment performed at the time changes were made.

- Subsequent to June 30, 2011, the Department issued reports for audits substantially completed during fiscal year 2011 that were not included in the internal audit plan. Department officials stated these audits were conducted during the fiscal year as a result of changes in the assessment of risk. There were no formal transmittal letters issued to document/substantiate the reports were officially issued.

- The Department could not demonstrate they were effectively assessing risks associated with the eleven major transaction cycles identified in the Statewide Accounting Management System (SAMS) Manual (Procedure 02.50.20). The risk assessment was general in nature rather than specific to the major transaction cycles.

- The Department could not demonstrate reviews of the design of major new electronic data processing systems or major modifications to existing systems were being performed to ensure the systems provide adequate audit trails and accountability. Discussion of priority projects being administered by the Bureau of Communications and Computer Services was conducted in bi-weekly meetings; however, no documentation was maintained to support a decision to conduct or not conduct an audit.

In addition, the Act requires annual reports to be submitted to the chief executive officer by September 30 for the prior fiscal year. The annual report for fiscal year 2011 which would have been due September 30, 2011, was not submitted.

Department officials stated the Internal Audit unit was responsible for carrying out many of the tasks associated with the dissolution of the Illinois Office of Internal Audit and the staffing plan provided for ten internal auditors while only three positions were filled for most of the fiscal year. The lack of documentation was an oversight due to the additional responsibilities. The changes in audit plan and identified areas of risks were communicated to the Director verbally as changes were made and were identified formally in the FY 11 Annual Report filed with the Director's Office March 7, 2012.

The inability to ensure the internal audit effort provides coverage of all major internal control systems increases the risk that significant internal control weaknesses may exist and errors and irregularities may go undetected. (Finding Code No. 11-9, 09-19, 08-23, 07-26, 06-16)

RECOMMENDATION:

We recommend the Department ensure audits of all major systems of internal accounting and administrative control are conducted at least once every two years and that annual reports are submitted to the chief executive office by September 30 of each fiscal year as required by the Fiscal Control and Internal Auditing Act. We further recommend the Department improve documentation of the risk assessment process to more clearly associate the internal audit effort with identified/assessed risks.

DEPARTMENT RESPONSE:

The Department concurs with the recommendation.

To address the recommendation Internal Audit (IA) plans to take corrective action by implementing the following processes by end of fiscal year 2012. To address documentation of changes to the annual audit plan, IA will complete Audit Change Forms to identify audits on the Fiscal Year (FY) 2012/2013 audit plan that were not performed and the reasoning for not performing the audits. These change forms will identify whether the audit was postponed until the next fiscal year or whether it was canceled from the plan. In addition, a change form will be completed to identify any new audits performed during the fiscal year that were not on the approved FY 12/13 Audit Plan. In addition, IA will further address the recommendation by sending transmittal letters for all audit reports issued and will maintain a log of email correspondence supporting and identifying the date of issuance. To address documentation of risk assessment process, IA will implement a risk assessment process which involves sending questionnaires to Bureau management and assessing areas of risks. The risk assessment will be utilized to create the FY 13/14 Audit Plan for the Director to approve prior to July 1, 2012. The audit plan will also identify FCIAA coverage areas to ensure audits of all major systems of internal accounting and administrative control are conducted at least once every two years. In addition, IA will obtain a listing of BCCS system implementations or modifications performed during FY12 and document the materiality determination to audit/or not. Going forward IA will develop a process for documenting the system materiality for determination of major system reviews on an on-going basis throughout the fiscal year.

In addition, IA will prepare a written annual report for FY 12, as required by FCIAA, and submit to the Director by September 30, 2012.

All of these procedures will be updated and documented in the Internal Audit's Policy and Procedure Manual to be followed and carried out going forward.

11-10 FINDING: (Documentation of Chief Internal Auditor experience and training not sufficient)

The Department did not sufficiently document the Chief Internal Auditor possessed the requisite background and experience required by the Fiscal Control and Internal Auditing Act nor could the Department document the Chief Internal Auditor was maintaining appropriate continuing education.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/2002) requires the chief executive officer of each designated State agency to appoint a chief internal auditor with a bachelor's degree, who is either: (1) a certified internal auditor by examination or a certified public accountant and who has at least 4 years of progressively responsible professional auditing experience; or (2) an auditor with at least 5 years of progressively responsible professional auditing experience. The employee completed Examining/Employment Application (CMS100) forms noting prior experience in internal audit; however, the Department did not provide adequate supporting documentation demonstrating verification of five years of progressively responsible professional auditing experience as set forth in FCIAA. Department officials stated upon review of the CMS-100, the Department completed a checklist. The leadership of the Department also knew firsthand the qualifications were met through prior direct work experience with the candidate and knowledge of his background before joining the State. The Department further stated the statute does not identify documentation required to be maintained and the Department felt the due diligence performed at the time was sufficient for confirming the candidate's experience.

In addition, documentation of the Chief Internal Auditor's compliance with the continuing professional education (CPE) requirements established by the State of Illinois Internal Audit Advisory Board bylaws (Article II – Section 5.1) and Department policy was insufficient. Summary listings of courses were maintained, but the Department did not provide documentation, such as certificates of attendance, supporting proper completion of courses for which credit was claimed. The bylaws and the Department's Internal Audit Policy and Procedures Manual require internal audit staff, including the chief internal auditor, to obtain 80 hours of CPE every two years with at least 24 of those hours in subjects related to government. Department officials stated the Division of Internal Audit has been in existence only since July 1, 2010 (when the Illinois Office of Internal Audit was de-consolidated) and there is not a two-year period to evaluate.

Department officials stated the records were not maintained and tracked centrally (upon deconsolidation of the Office of Internal audit) and the lack of documentation was an oversight due to the additional responsibilities associated with the dissolution of the Illinois Office of Internal Audit.

Failure to adequately document the necessary experience of the chief internal auditor represents noncompliance with the Fiscal Control and Internal Auditing Act. Combined with the lack of documentation of appropriate continuing professional education, these deficiencies could result in the chief internal auditor lacking the necessary experience for the position and insufficient training to maintain professional competencies. (Finding Code No. 11-10)

RECOMMENDATION:

We recommend the Department ensure adequate documentation is maintained to demonstrate the chief internal auditor possesses the required background and experience for the position and all required continuing education standards are met.

DEPARTMENT RESPONSE:

The Department agrees with the recommendation.

The Department required the completion of a CMS-100 application prior to hiring the Chief Internal Auditor. In addition, the Department reviewed the application and found it consistent with firsthand knowledge of the candidate through prior direct work experience and knowledge of his background before joining the State. The Department completed a checklist, identifying the requirements met: bachelor's degree and 5 plus years auditing experience. The Department is confident the Chief Internal Auditor met the qualifications for required auditing experience as required per FCIAA. The Department agrees additional documentation could have been maintained to detail the experience in which the applicant had to meet the position requirement.

The Department will remind all internal auditors of the importance to maintain CPE certificates to support the training received. In addition, Internal Audit will maintain a centralized database to track CPE hours for all auditors going forward, upon receipt of certification of completion.

11-11 **FINDING:** (Follow up to management audit of the Department's Administration of the Business Enterprise Program)

In June 2006, the Office of the Auditor General released a management audit of the Department of Central Management Services' Administration of the Business Enterprise Program. The audit contained fifteen recommendations to improve the performance and operation of the Department to effectively manage the State's policies in place over the program. As part of this compliance examination (for the two years ended June 30, 2011), auditors determined that the Department has implemented two of the five recommendations not fully implemented during previous years and partially implemented two of the five recommendations not fully implemented during the previous years. One of the recommendations has not been implemented.

The following recommendation has not been implemented by the Department:

- **Ensure all certifications are completed within 60 days (Recommendation #7):** *The Department of Central Management Services should ensure that all applicants for certification or recertification are processed in the required 60 days.* While management has developed policies and procedures requiring that applications for certifications be processed within 60 days, this timeframe has not been met. Out of a sample of 25 certifications selected for testing, ten certifications were not processed within the 60 day processing criteria. In addition, we noted four instances where tracking data contained in the Department's Certification Log did not agree with the documentation supporting the certification.

  Department officials stated the continual underlying cause for this finding lies specifically with resources. During FY2011, the BEP Bureau processed 1,895 certification applications. In FY2010, the BEP Bureau processed 1,673 applications. In both fiscal years, the number of analysts budgeted to review all certification applications have remained at 4. The number of ratio of assigned staff indicates an average of approximately 450 applications being assigned to each analyst on an annual basis. In many instances, vendors require repeated assistance in acquiring accurate documentation for finalization of files. In addition, tracking mechanisms were not utilized to fullest extent alerting management well in advance of potential delays and staff were not effectively utilized to maximize reviewing strengths for difficult levels of varying certification applications.

The following two recommendations have been partially implemented by the Department:

- **Develop minimum training requirements and track training (Recommendation #3):** *CMS should establish minimum training requirements for certification staff and ensure that the required training is received. CMS should also track the training received by certification staff.* Management has identified training it would like staff to attend and has set minimum training requirements for staff, including a monthly training requirement. However, staff did not receive the minimum training outlined in the BEP Policy and Procedure Manual. In the prior examination the Department provided evidence of four training classes held, however, no training classes were offered or attended by staff during fiscal years 2010 or 2011.

  Department officials stated that due to budget constraints there were no policies, procedures, or plan developed or put in place for required training of employees in fiscal years 2010 or 2011.

- **Consider conducting site visits (Recommendation #6):** *The Department of Central Management Services should consider conducting site visits of all applicants.* Management has defined a procedure that describes, in general terms, the circumstances under which a certification may require a site visit. Certification may be flagged for site visits as a result of questionable elements in the application as determined by the analyst, Operations Manager or Deputy Director. In addition, a third party complaint may warrant a site visit. Under this approach, the Department has represented that 41 certifications were flagged for a site visit during fiscal year 2010 and 26 certifications were flagged for a site visit during fiscal year 2011. Records provided by program management indicate that all 67 flagged files resulted in actual site visits during the fiscal years.

  While the Department has implemented a procedure to define the site visit process, it has not identified and documented uniform criteria for all analysts and management to use in determining when a certification includes questionable content that should warrant a site visit. Under the current procedure, similar circumstances could be interpreted differently by different analysts due to a lack of documented, uniform guidance.

  In addition, the Department has not documented consideration of alternatives to performing site visits of all applicants, such as a cyclical methodology to cover a reasonable percentage of new applications and renewals each year. Such a methodology could improve controls over the certification process and help to further ensure that only entities that are truly eligible under the requirements of the program receive benefits.

Department officials stated the continual underlying cause for this finding lies specifically with resources. Department officials also stated the option of utilizing temporary services to offset budgeted staff has been explored and implemented however, union agreements covering existing analyst employees, have limited temporary use to only filing, answering of phones and document retrieval assistance.

The following two recommendations have been implemented by the Department:

- **Adequate Membership and regularly scheduled council meetings (Recommendation #1):** *The Department of Central Management Services should ensure that the Business Enterprise Council has adequate membership and that the meetings are held on a regular basis.* During fiscal years 2010 and 2011 the Council held meetings on a regular basis and all vacancies on the Council were filled.

- **Reciprocal Agreements with Agencies and Universities (Recommendation #4):** *CMS should develop written agreements with those entities that it accepts certifications from to ensure that those entities' requirements and procedures equal or exceed those in The Business Enterprise for Minorities, Females, and Persons with Disabilities Act and to ensure that vendors are eligible. Agreements should include requirements, procedures, and notifications of certification or denial or changes in requirements. The Business Enterprise Council should also approve all agreements.* Management has developed a standard reciprocity agreement for the Agencies and Universities and had previously finalized the agreement with seven of the eight entities. During the current period, the reciprocity agreement with the City of Chicago was finalized.

It is important that the Department continue to implement the recommendations from the management audit to further improve its operations and performance. (Finding Code No. 11-11, 09-9, 08-11, 07-22)

RECOMMENDATION:

We recommend the Department of Central Management Services continue to fully implement the remaining three management audit recommendations contained in the June 2006 Business Enterprise Management Audit that were either not implemented or were partially implemented.

DEPARTMENT RESPONSE:

The Department concurs with the recommendations and will continue to work toward ensuring that all certification/recertification are processed within the required sixty days. To facilitate this goal, the Department is streamlining its certification processes with both staff assignments, improved tracking reporting, and adding full and or temporary staffing.

Regarding training for certification staff, Department will continue to work with upper management to garner approval for the out of state certification training program needed for this certification.

The Department will continue to utilize all the resources available to it in fulfilling the Site Visit recommendation. The Department has restructured its programmatic procedures in order to have all personnel conduct minimum of 4 site visit goals monthly on files that they assigned. Site visits will be conducted on firms reflecting potential ineligibility factors pertaining to control, ownership, and management documentation. In instances where long distance travel on firms is presented, we will work with sister agencies for assistance in conducting such site visits. We will also consider utilizing other agencies' site visit previously completed upon release of the report by firm. The Department will continue to consider possible alternatives to performing site visits of all applicants.

11-12 FINDING: (Surplus property management process weaknesses)

The Department's Division of Property Management State Surplus Warehouse has not fully implemented an adequate inventory control system.

The Department is currently in the process of implementing a new inventory management tracking system to assist in reallocating surplus property to agencies in need; however, the prior paper inventory tracking system is still partially in use. Under the old system, a paper listing of surplus property submitted by agencies with the delivery of items to the warehouse was the only record of surplus inventory. The lack of an adequate inventory control system impedes compliance with the Illinois Administrative Code (44 Ill. Adm. Code Part 5010), and reduces the ability of Surplus Warehouse personnel and agencies to locate equipment for potential transfer. This results in a risk that agencies would purchase new equipment when comparable equipment could have been obtained from the Surplus Warehouse.

One method of the disposal of equipment under the Illinois Administrative Code (44 Ill. Adm. Code 5010.610) is to offer the equipment for the use of any State agency. The lack of an adequate inventory control system has hindered the ability of the Surplus Warehouse to offer equipment to State agencies. Under the old system, a comprehensive list of available items is not maintained or disseminated to agencies. However, agencies are permitted to send "want lists" and be notified of requested transferable equipment as it became available (44 Ill. Adm. Code 5010.640).

Department personnel stated a new inventory control system is currently being implemented and the Department estimates approximately 90% of the surplus electronic property and 50% of all other surplus property and equipment has been converted to the new system. In its response to the prior finding, the Department stated the new system had been designed and was in the testing phase, with an anticipated fully functioning roll-out target of May 2010.

The lack of effective controls regarding the receipt and inventory of equipment increases the potential for theft of the State's surplus property. (Finding Code No. 11-12, 09-10, 08-12, 07-23, 06-9, 05-16, 04-15)

RECOMMENDATION:

We recommend the Department complete the implementation of the centralized inventory system software. An effective inventory control system would improve controls over the receipt and tracking of inventory, reduce the potential for theft, and enable the Surplus Warehouse to better serve the needs of State agencies.

DEPARTMENT RESPONSE:

The Department concurs, and notes that it implemented a web-based inventory management system in August 2011. Today, 100% of all items transferred to CMS State Surplus by state agencies, boards, commissions, universities, and constitutional offices are electronically received through the system. The system now requires user agencies to enter surplus property into a web-based system. To begin, an electronic transfer document is created by the user agency. Equipment is scheduled for transportation and received at the warehouse; items are inspected and a new surplus inventory barcode is applied. Items are received and compared against a physical inventory and discrepancies are noted and notice is issued to the owning user agency denoting discrepancies. In addition, when surplus property is acquired and transferred to a state agency, an electronic email notice is also issued to the agency's Property Officer denoting the item issued to their agency. Finally, every Property Officer of every State Agency has access to the system and can run a report at any time to see every item received in the current cycle and on the warehouse floor. Electronics go straight to two State Use recycling vendors and the system denotes that information.

11-13 FINDING: (Not timely in filing contracts with the Comptroller)

The Department was not timely in filing contracts in excess of $10,000 with the Comptroller.

During the current period, 25 contracts and leases awarded totaling a maximum award amount of approximately $400 million were selected for testing.

In 5 of 25 (20%) contracts and leases totaling $20 million, the Department did not file the contract with the Comptroller within 15 days of the execution date of the contract, as required by the Illinois Procurement Code. Three of 25 (12%) contracts and leases were filed with the Office of the Comptroller greater than 30 days after the execution date, thereby requiring a late filing affidavit. One of the three contracts and leases did not have the required late filing affidavit on file with the Comptroller.

The Illinois Procurement Code (30 ILCS 500/20-80 (b)) requires any State agency that incurs a contract liability exceeding $10,000 to file a copy of the contract or lease with the Office of the Comptroller within 15 days of the contract's execution. If the contract is not filed with the Comptroller within 30 days of execution, the Illinois Procurement Code (30 ILCS 500/20-80(c)) requires the State agency to submit an affidavit to the Office of the Comptroller and the Office of the Auditor General explaining the reason why the contract or lease was not filed.

Department officials stated that it is not possible in some cases to file contracts within 15 days of execution because there are frequent issues with filing documentation including FEIN mismatches, proper W9s on file at the IOC, etc., which require back and forth contact with vendors after contract execution. In addition, two of the exceptions were held due to the Comptroller's implementation of new master contract system edits in SAMS.

Failure to file contracts and leases in excess of $10,000 in a timely fashion with the Office of the Comptroller is a violation of State statute. (Finding Code No. 11-13, 09-11, 08-13, 07-19, 06-6)

RECOMMENDATION:

We recommend the Department take the necessary steps to ensure contracts and leases are filed with the State Comptroller within 15 days after the execution of the agreement. We also recommend late filing affidavits be completed and submitted for those contracts and leases that are not filed with the Office of the Comptroller within 30 days of contract execution.

DEPARTMENT RESPONSE:

The Department concurs. The majority of exceptions noted were in the 15 day window. The IOC does not recognize contracts as being late until 30 days. There is pending legislation to clarify and eliminate the 15 day requirement. In terms of the 30 day filing requirement, we continue to train fiscal and procurement staff on the importance of timely filing.

The Department believes it is in compliance with the affidavit requirement. The only contract that did not have the required affidavit was a contract held by the IOC due to their implementing a new system. The IOC determines, by accepting or rejecting the contract, whether it requires an affidavit. It is our belief that this contract was determined by the IOC to have been received in a timely manner since the IOC did not require an affidavit.

11-14 **FINDING:** (Failure to develop rules or policies describing the State employees' group insurance program)

The Department has not developed rules or policies describing the State employees' group insurance program as requested by the Joint Committee on Administrative Rules (JCAR).

The Illinois Administrative Procedure Act (5 ILCS 100) requires that any State agency policy affecting anyone outside that agency be expressed through rules adopted under the Act. Further, the State Employees Group Insurance Act of 1971 (5 ILCS 375/15) states, "The Director shall ...prescribe such rules and regulations as are necessary to give full effect to the purposes of this Act."

JCAR indicated in a letter dated May 11, 2006 to the Department that JCAR has had informal discussions with the Department over at least the three years prior to the date of the letter, and the Department acknowledged a lack of rules for the program. Furthermore, the Department has indicated to JCAR on more than one occasion that rules for this program were being drafted and that a submission of them would be forthcoming. The Department has not completed or submitted those rules to JCAR for their consideration nor is there a target date for the submission of these rules.

Department officials stated rules have not been codified for the State Employees' Group Insurance Act since implementation in 1971. In lieu of formal rules, statutory, policy and plan design guidelines are communicated yearly through annual benefit choice training and materials, handbooks and certificates of insurance coverage. According to the Department, the lack of rules has not hindered administration of the program, and due to competing priorities rules have not been formalized. Department officials further stated, rules have not been necessary to give full effect to the purposes of the Act.

The Department is in noncompliance with the Acts. Failure to develop rules or policies describing the State employees' group insurance program increases the likelihood that other State agencies will be in noncompliance with the program. (Finding Code No. 11-14, 09-15, 08-17, 07-28, 06-18)

RECOMMENDATION:

We recommend the Department develop the necessary rules affecting the State employees' group insurance program in accordance with the Illinois Administrative Procedure Act.

DEPARTMENT RESPONSE:

The Department concurs. The Department has rules established for 5 of the 6 programs under the Group Insurance Act, and the Bureau of Benefits had been drafting rules for the State Employees Group Health Program. Due to the changing guidelines for the program, particularly those associated with pending federal legislation, union agreements and the expansion of coverage under Public Act 095-0958, the Bureau delayed finalizing and submitting these rules until these important program changes can be incorporated. Executive Order 12-01 was filed 3/1/12 to recombine healthcare purchasing into CMS from DHFS. The Rules outline responsibilities between the two agency directors, and we would like final resolution regarding agency authority to finalize the rules for JCAR. The General Assembly has 60 days to act on the Executive Order.

11-15 FINDING: (Inadequate monitoring of interagency agreements)

The Department's process to monitor interagency agreements was inadequate.

During our examination we tested 25 interagency agreements between the Department and other State agencies and noted 10 of 25 (40%) were not signed by all necessary parties before the effective date. These agreements were between 1 and 221 days late.

The Comptroller's Statewide Accounting Management System Manual (Procedure 15.20.30) states contracts must be executed prior to commencement of services. Interagency agreements are binding contracts between State agencies. Further, prudent business practices require the approval of agreements prior to the effective date.

Department officials stated the causes for late execution vary, depending upon the situation. In most cases, an urgent operational matter generally arises requiring that immediate action be taken. In these circumstances, though the agency heads reach mutual agreement in principle, circumstances may not permit that agreement to be reduced to writing before it is implemented. Once CMS-Legal becomes aware of the need for an IGA, we work diligently to draft and circulate it for signature as accurately and quickly as possible. Unfortunately, we are unable to dictate the speed at which other agencies return the signed IGA to us for recordkeeping. With regard to recurring agreements, we have more control over the timing of the IGAs.

The Department has entered into 167 agreements with other State agencies and other units of government during the examination period. The purpose of the agreements is to assist the Department in fulfilling its mandated mission. In order to assess whether the agreement is reasonable, appropriate, and sufficiently documents the responsibilities of the appropriate parties, the agreement needs to be approved prior to the effective date and executed before the commencement of services. (Finding Code No. 11-15, 09-16, 08-18, 07-27, 06-17)

RECOMMENDATION:

We recommend the Department ensure all interagency agreements are approved by an authorized signer prior to the effective date of the agreement and executed prior to the commencement of services.

DEPARTMENT RESPONSE:

The Department concurs, though we assert that many, if not most, intergovernmental agreements (IGAs) are not, due to their subject matter, subject to the Comptroller's Procedure 15.20.30. Nonetheless, the Department agrees that best practice is to have a written IGA in place before an oral agreement is acted upon.

The Department has implemented a tracking system which will ensure earlier routing of draft agreements, and which should result in more timely return of executed documents from other agencies. We are in the process of developing a written protocol for drafting, routing and maintaining records of IGAs.

11-16 **FINDING:** (Avoidable use of emergency contracts)

The Department filed emergency purchase affidavits for purchases which were not emergencies, in violation of the Illinois Procurement Code.

During our testing of emergency purchase affidavits, we noted nine affidavits over the course of two years filed to extend telecommunications network services for the State. Two of the affidavits were for a twelve month period from December 16, 2009 to December 15, 2010. Three affidavits were submitted for three-month extensions to March 15, 2011 followed by four affidavits submitted for three-month extensions to June 15, 2011. The total estimated expenditures for the extension period were approximately $53 million. The original contract, including allowable renewal periods, expired on September 30, 2008. The Illinois Administrative Code (44 Ill. Adm. Code 1.2005(l)) allows for the extension of an indefinite quantity contract for a period of 90 days. The network services contract was extended beyond September 30, 2008 date for 90 days with a new contract end date of December 14, 2008. Additional extensions have since been procured through the emergency purchase method to allow for continued services while a request for proposal was conducted to establish a replacement contract.

In the prior engagement we also noted cellular services were procured as emergency purchases. The Department continued to extend the contracts through June 30, 2010 as emergency purchases; however, contracts for cellular services were procured for fiscal year 2011 without use of emergency purchase filings.

The Illinois Procurement Code (Code) (30 ILCS 500/20-30) states that a purchasing agency may make emergency procurements without competitive sealed bidding or prior notice 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 State services, or to ensure the integrity of State records. The Code also states that the emergency procurements shall be made with as much competition as possible. Further, the Code states that the Department shall employ such competition as is practicable under the emergency circumstances to abate the emergency situation.

Department officials stated the review, approval and re-issuing of the competitive procurement for replacement contract(s) for telecommunications network services required the Department to procure an additional twelve month extension through the emergency purchase method to avoid a lapse in mission critical communications services.

The Department's inability to procure a master contract for telecommunication network services has created the emergency situation. Proper planning and foresight would have allowed for these services to be competitively bid on a timely, non-emergency basis. As a result, the Department circumvented the bidding process mandated by the Illinois Procurement Code and spent $46,756,096 for telecommunications network services from December 15, 2008 to June 15, 2011. In addition, another emergency purchase contract is in place to extend the services beyond June 15, 2011. These services should not have been an emergency and should have been competitively procured. (Finding Code No. 11-16, 09-18, 08-21)

RECOMMENDATION:

We recommend the Department follow the Illinois Procurement Code and use the emergency provisions of the Illinois Procurement Code only in true emergencies and not due to inadequate planning.

DEPARTMENT RESPONSE:

The Department concurs. The contracts in question have been competitively awarded and signed. The Department has taken steps to minimize the use of emergency contract extensions by proactively managing complex procurements earlier in the procurement cycle. In addition, the Executive Ethics Commission now has an oversight and approval role regarding proper use of emergency contracts.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

PRIOR FINDINGS NOT REPEATED

A **FINDING:** (Excess retained earnings balances representing noncompliance with federal regulations)

In the prior examination, the Department generated excess retained earnings balances for the Communications Revolving Fund and failed to make adequate adjustments as required by OMB Circular A-87.

During the current examination, it was determined that the finding will only be addressed in the Statewide Single Audit and was excluded from the compliance attestation engagement. (Finding Code No. 09-2, 08-1, 07-1, 06-1)

B **FINDING:** (Reporting of costs not in accordance with federal regulations)

In the prior examination, the Department recognized costs for federal reporting purposes different than reported in the Department's financial statements prepared in accordance with generally accepted accounting principles (GAAP), and unallowable costs were reported for federal purposes. The Department's financial statements were reported correctly; however, federal reporting was incorrect.

During the current examination, it was determined that the finding will only be addressed in the Statewide Single Audit and was excluded from the compliance attestation engagement. (Finding Code No. 09-3, 08-2, 07-2)

C **FINDING:** (Incomplete and inaccurate records over computer systems and equipment)

In the prior examination, the Department did not maintain complete, accurate, or detailed records to substantiate its current midrange computer system and equipment.

During the current examination, we noted the Department embarked on a project to implement a new database in order to track the midrange equipment and installed a software tool which documented the operating systems, patch levels, and antivirus software. We reviewed the database and the software tool reports to determine the accuracy information within the database and found significant improvements from the prior year. Although we noted discrepancies within the database, these discrepancies were not significant enough to classify as a material weakness. (Finding Code No. 10-3, 09-5, 08-8, 07-12)

D **FINDING:** (Inadequate disaster contingency planning)

In the prior examination, the Department did not have an adequately developed and tested disaster contingency plan for the midrange environment.

During the current examination, we noted the Department made progress in disaster contingency planning. However, the Department had not finalized and approved the Disaster Recovery – Midrange Applications document or performed detailed recovery testing of the midrange environment. As a result of the improvements the Department has made, this finding has been moved to an immaterial finding. (Finding Code No. 09-7, 08-9, 07-13)

E **FINDING:** (Time sheets not maintained in compliance with the State Officials and Employees Ethics Act)

In the prior examination, the Department did not maintain time sheets for its employees in compliance with the State Officials and Employees Ethics Act.

During the current examination, we noted the Department developed policies and procedures for reporting hours worked on official State business and instituted the requirement of all of its employees to submit timesheets in accordance with the Act. (Finding Code No. 09-14, 08-16, 07-25, 06-14, 05-21, 04-23)

F **FINDING:** (Leases in holdover status)

In the prior examination, the Department was not actively managing its leased space or occupancy, nor bidding and renewing, or consolidating its existing leases resulting in a substantial number of leases that were not timely renewed or terminated.

During the current examination, we noted the Department did not have any leases in holdover status as of June 30, 2010 and June 30, 2011. (Finding Code No. 09-17)

G **FINDING:** (Late approval and payment of vouchers)

In the prior examination, the Department did not process invoice vouchers in a timely manner as required by the Illinois Administrative Code.

During the current examination it was noted that the majority of the Department's funds are cash managed. Vouchers are submitted to the Comptroller when there are sufficient cash funds to cover the payment of vouchers which may be after payment timeframe required by the Illinois Administrative Code. (Finding Code No. 09-13, 08-15, 07-24, 06-13, 05-20, 04-21)

2008 JOINT PROCUREMENTS OF BULK ROCK SALT

The Illinois Office of the Auditor General conducted a management audit of the Illinois Department of Central Management Services' 2008 Joint Procurements of Bulk Rock Salt pursuant to Legislative Audit Commission Resolution Number 138. The audit was released in June 2009 and contained eight recommendations to the Illinois Department of Central Management Services (Department). As part of the Fiscal Year 2009 Compliance Examination, we noted that seven of the eight recommendations were fully implemented and one of the eight recommendations was partially implemented. As part of the Fiscal Years 2010 and 2011 Compliance Examination of the Illinois Department of Central Management Services, we followed up on the status of the remaining recommendation that was not fully implemented contained in the audit.

Recommendation #6 – Data Analysis and Cost Savings

The Department should compile appropriate electronic data sufficient to conduct analysis of bids and work with local communities to make the most cost effective decisions in jointly procuring bulk rock salt.

<u>Status</u> – Partially Implemented

There has been no progress made by the Department on the recommendation since the prior compliance examination. Although the Department collects bid data in an electronic format, the mainframe Illinois Governmental Purchasing System (IGPS) continues to be utilized as its primary procurement tool. According to Department officials, no funds have, as of yet, been identified for a system upgrade. Department officials agree that while the IGPS meets basic needs, it does not offer the full flexibility suggested within this recommendation. The Department also agrees that this would be desirable for complex bid activities represented in any solicitation of a similar magnitude as the solicitation for road salt.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:

  Schedule of Expenditures of Federal Awards
  Notes to the Schedule of Expenditures of Federal Awards
  Schedule of Appropriations, Expenditures and Lapsed Balances
  Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  Schedule of Changes in State Property
  Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the Comptroller
  Analysis of Significant Variations in Expenditures
  Analysis of Significant Variations in Receipts
  Analysis of Significant Lapse Period Spending
  Analysis of Accounts Receivable

- Analysis of Operations:

  Agency Functions and Planning Program
  Average Number of Employees
  Emergency Purchases
  Debt Collection Board
  Service Efforts and Accomplishments (Unaudited)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditors' opinion, except for that portion marked "unaudited," on which they express no opinion, it is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2011
(expressed in thousands)

Federal Grantor/Program Title	Federal CFDA Number	Federal Expenditures	Amount Provided To Subrecipients
U.S. Department of Commerce			
ARRA - Broadband Technology Opportunities Program (BTOP)	11.557	$ 2,678	$ 586
Total U.S. Department of Commerce		2,678	586
U.S. Department of Homeland Security			
Passed through the Illinois Emergency Management Agency			
Buffer Zone Protection Program (BZPP)	97.078	154	-
Total U.S. Department of Homeland Security		154	-
Total Expenditures of Federal Awards		$ 2,832	$ 586

The accompanying notes are an integral part of this schedule.

STATE OF ILLINOIS
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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

1. GENERAL

The Department of Central Management Services (the Department) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority and review by the Illinois General Assembly. The Department operates under a budget approved by the General Assembly in which resources are appropriated for the use of the Department. Activities of the Department are subject to the authority of the Office of the Governor, the State's chief executive officer, and other departments of the executive and legislative branches of government (such as the Governor's Office of Management and Budget, the State Treasurer's Office, and the State Comptroller's Office) as defined by the General Assembly.

The Department provides a variety of centralized services for the operation of State Government. The Department provides personnel services for State agencies; purchases goods and services for State agencies; supplies telecommunications, data processing, videoconferencing, and office automation; manages state property, and disseminates information about State Government to the news media and general public. It employs volume purchasing and economies of scale to reduce costs and improve government efficiency. The Department also promotes the economic development of minority and female businesses and rehabilitation facilities for persons with disabilities.

The schedule includes the expenditures of federal awards received directly from federal agencies or passed through other State agencies.

These schedules were prepared for State compliance purposes only. A separate single audit of the Department was not conducted. However, a separate single audit of the entire State of Illinois (which includes the Department) was performed and released under separate cover.

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards (Schedule) of the State of Illinois, Department of Central Management Services for the year ended June 30, 2011 is presented on a cash basis of accounting for expenditures. Such basis differs from the modified accrual basis of accounting because it does not include costs incurred prior to the end of the year, but not paid, and includes costs paid during the current year but reported in the prior year.

3. DESCRIPTION OF GRANT PROGRAMS

The following is a brief description of the programs included in the Schedule of Expenditures of Federal Awards:

A. U.S. Department of Commerce

ARRA – Broadband Technology Opportunities Program (BTOP) – CFDA No.11.557 – This program accelerates broadband deployment in unserved and underserved areas and ensures that strategic institutions which are likely to create jobs or provide significant public benefits have broadband connections.

B. U.S. Department of Homeland Security

Buffer Zone Protection Program (BZPP) – CFDA No.97.078 – This program provides funds to increase the preparedness capabilities of jurisdictions responsible for the safety and security of communities surrounding high-priority Critical Infrastructure and Key Resource (CIKR) assets through planning and equipment acquisition.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

Schedule 2

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2011	Approximate Lapse Period Expenditures July 1 to August 31, 2011	Approximate Total Expenditures	Approximate Balances Reappropriated July 1, 2011	Approximate Balances Lapsed
APPROPRIATED FUNDS						
General Revenue - 0001	$ 95,959,000	$ 76,248,400	$ 19,285,606	$ 95,534,006	$ -	$ 424,994
Capital Development - 0141	46,295,230	361,444	46,115	407,559	45,887,671	-
State Garage Revolving - 0303	58,671,900	29,437,155	7,751,800	37,188,955	-	21,482,945
Statistical Services Revolving - 0304	180,678,600	106,953,771	25,002,923	131,956,694	-	48,721,906
Communications Revolving - 0312	154,779,400	92,968,898	10,144,621	103,113,519	-	51,665,881
Facilities Management Revolving - 0314	303,296,100	144,368,772	46,270,875	190,639,647	-	112,656,453
Professional Services - 0317	15,000,000	6,103,528	436,939	6,540,467	-	8,459,533
Workers' Compensation Revolving - 0332	127,924,000	109,910,192	17,966,265	127,876,457	-	47,543
Minority and Female Business Enterprise - 0352	50,000	-	-	-	-	50,000
Group Insurance Premium - 0457	95,740,100	70,715,339	14,280,378	84,995,717	-	10,744,383
American Recovery & Reinvestment Act Administrative Revolving - 0693	20,000,000	-	-	-	-	20,000,000
State Employees' Deferred Compensation Plan - 0755	1,209,900	941,975	52,202	994,177	-	215,723
State Surplus Property Revolving - 0903	3,838,000	2,920,469	554,320	3,474,789	-	363,211
Health Insurance Reserve - 0907	28,388,500	23,184,446	1,432,184	24,616,630	-	3,771,870
Total appropriated funds	$ 1,131,830,730	664,114,389	143,224,228	807,338,617	45,887,671	$ 278,604,442
NON-APPROPRIATED FUNDS						
Local Gov't Health Insurance Reserve - 0193	N/A	516,495	46,339	562,834	N/A	N/A
Flexible Spending Account - 0202	N/A	30,302,795	232,633	30,535,428	N/A	N/A
Teacher Health Insurance Security - 0203	N/A	1,676,285	221,517	1,897,802	N/A	N/A
Communications Revolving - 0312	N/A	3,701,851	2,196,830	5,898,681	N/A	N/A
Community College Health Insurance Security - 0577	N/A	357,066	31,732	388,798	N/A	N/A
State Employees' Deferred Compensation Plan - 0755	N/A	170,941,432	250,691	171,192,123	N/A	N/A
Total non-appropriated funds		207,495,924	2,979,742	210,475,666		
TOTAL		$ 871,610,313	$ 146,203,970	$ 1,017,814,283		

Note 1 - Appropriated amounts were authorized by Public Act 96-0956 and Public Act 96-0957

Note 2 - The expenditure amounts are taken directly from the records of the State Comptroller and were reconciled with Department records.

Note 3 - The expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Note 4 Approximate lapse period expenditures do not include interest payments approved for payment by the Department and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

Schedule 2

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Appropriations (Net after Transfers)	Expenditures Through June 30, 2010	Lapse Period Expenditures July 1 to December 31, 2010	Total Expenditures	Balances Reappropriated July 1, 2010	Balances Lapsed
APPROPRIATED FUNDS						
General Revenue - 0001	$ 90,039,700	$ 81,315,994	$ 6,712,873	$ 88,028,867	$ -	$ 2,010,833
Capital Development - 0141	47,594,074	1,221,219	77,625	1,298,844	46,295,230	-
State Garage Revolving - 0303	58,671,900	31,162,881	10,332,916	41,495,797	-	17,176,103
Statistical Services Revolving - 0304	182,165,800	120,125,821	25,051,184	145,177,005	-	36,988,795
Communications Revolving - 0312	154,779,400	87,229,356	21,310,174	108,539,530	-	46,239,870
Facilities Management Revolving - 0314	303,716,500	133,190,681	67,347,294	200,537,975	-	103,178,525
Professional Services - 0317	18,650,700	11,304,456	743,728	12,048,184	-	6,602,516
Workers' Compensation Revolving - 0332	127,924,000	102,099,839	23,045,406	125,145,245	-	2,778,755
Minority and Female Business Enterprise - 0352	50,000	-	-	-	-	50,000
Group Insurance Premium - 0457	95,740,100	69,814,794	14,140,071	83,954,865	-	11,785,235
American Recovery and Reinvestment Act Adminstrative Revolving - 0693	20,000,000	-	-	-	-	20,000,000
State Employees' Deferred Compensation Plan - 0755	1,174,800	914,226	46,166	960,392	-	214,408
State Surplus Property Revolving - 0903	3,838,000	2,411,665	445,719	2,857,384	-	980,616
Health Insurance Reserve - 0907	23,388,500	18,443,966	1,152,196	19,596,162	-	3,792,338
Total appropriated funds	$ 1,127,733,474	659,234,898	170,405,352	829,640,250	46,295,230	$ 251,797,994
NON-APPROPRIATED FUNDS						
Local Gov't Health Insurance Reserve - 0193	N/A	475,525	43,578	519,103	N/A	N/A
Flexible Spending Account - 0202	N/A	29,150,564	145,337	29,295,901	N/A	N/A
Teacher Health Insurance Security - 0203	N/A	1,667,963	183,424	1,851,387	N/A	N/A
Community College Health Insurance Security - 0577	N/A	519,367	34,745	554,112	N/A	N/A
State Employees' Deferred Compensation Plan - 0755	N/A	164,237,009	343,997	164,581,006	N/A	N/A
Total non-appropriated funds		196,050,428	751,081	196,801,509		
TOTAL		$ 855,285,326	$ 171,156,433	$ 1,026,441,759		

Note 1 - Appropriated amounts were authorized by Public Act 96-0035, Public Act 96-0039, Public Act 96-0042, Public Act 96-0046, and Public Act 96-0819
Note 2 - The expenditure amounts are taken directly from the records of the State Comptroller and were reconciled with Department records.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES
APPROPRIATED FUNDS

	Fiscal Year		
	2011	2010	2009
	P.A. 96-0956 P.A. 96-0957	P.A. 96-0035 P.A. 96-0039 P.A. 96-0042 P.A. 96-0046 P.A. 96-0819	P.A. 95-0731 P.A. 95-0734
General Revenue - 0001			
Appropriations (net after transfers)	$ 95,959,000	$ 90,039,700	$ 75,966,100
Expenditures:			
Personal services	-	8,139,728	9,242,450
Contribution to SERS	-	-	1,943,682
Contribution to social security	-	594,011	679,067
Group insurance	-	-	24,818,800
Contractual services	-	-	14,852,769
Travel	-	-	34,611
Commodities	-	-	44,923
Printing	-	-	14,400
Equipment	-	-	1,282
Electronic data processing	-	-	831,306
Telecommunications services	-	-	126,144
Operation of automotive equipment	-	-	3,680
Automobile liability claims	-	-	1,497,309
Payment of employee wage claims	-	-	808,578
Civil law suits - claims	-	-	1,347,400
Employee suggestion board program	-	-	458
Upward mobility program	-	-	4,420,719
Veterans job program	-	-	264,089
Vito Marzullo intern program	-	-	670,029
Nurses tuition	-	-	67,706
Operational expenses, awards	8,111,765	8,389,540	-
Operational expenses	77,422,241	70,905,588	-
Governor's discretionary approp.	10,000,000	-	-
Education technology - operating and admin costs	-	-	12,758,022
Total expenditures	95,534,006	88,028,867	74,427,424
Lapsed balances	$ 424,994	$ 2,010,833	$ 1,538,676
Capital Development - 0141			
Appropriations (net after transfers)	$ 46,295,230	$ 47,594,074	$ 8,671,994
Expenditures:			
Information technology	407,559	1,298,844	577,920
Total expenditures	407,559	1,298,844	577,920
Reappropriations	45,887,671	46,295,230	8,094,074
Lapsed balances	$ -	$ -	$ -

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES
APPROPRIATED FUNDS

	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009
	P.A. 96-0956 P.A. 96-0957	P.A. 96-0035 P.A. 96-0039 P.A. 96-0042 P.A. 96-0046 P.A. 96-0819	P.A. 95-0731 P.A. 95-0734
CMS State Project - 0302			
Appropriations (net after transfers)	$ -	$ -	$ 100,000
Expenditures:			
Strategic marketing team services	-	-	-
Total expenditures	-	-	-
Lapsed balances	$ -	$ -	$ 100,000
State Garage Revolving - 0303			
Appropriations (net after transfers)	$ 58,671,900	$ 58,671,900	$ 49,450,500
Expenditures:			
Personal services	5,684,027	8,834,848	8,462,079
Contribution to SERS	1,591,976	2,518,790	1,792,310
Contribution to social security	421,056	653,678	627,008
Group insurance	1,517,212	2,179,354	2,226,141
Contractual services	1,331,255	1,837,203	1,653,523
Travel	7,501	4,471	3,813
Commodities	70,080	66,199	73,542
Printing	10,839	6,435	1,217
Equipment	806,657	415,833	364,135
Electronic data processing	704,732	862,801	843,514
Telecommunications services	50,405	55,005	91,988
Operation of automotive equipment	24,466,429	23,550,962	22,334,665
For General and Regulatory/ Shared Services Center	526,711	510,156	472,571
Refunds	75	62	824
Total expenditures	37,188,955	41,495,797	38,947,330
Lapsed balances	$ 21,482,945	$ 17,176,103	$ 10,503,170
Statistical Services Revolving - 0304			
Appropriations (net after transfers)	$ 180,678,600	$ 182,165,800	$ 179,635,900
Expenditures:			
Personal services	41,481,467	43,481,236	43,008,691
Contribution to SERS	11,626,487	12,362,479	9,068,612
Contribution to social security	3,048,163	3,200,065	3,171,007
Group insurance	7,720,140	7,659,443	7,943,233
Contractual services	482,904	629,264	1,662,532
Travel	35,987	44,033	84,488
Commodities	18,950	31,882	33,588
Printing	14,754	70,184	17,710
Equipment	75	2,941	20,247
Electronic data processing	62,180,470	65,228,142	54,605,829
Telecommunications services	2,588,888	1,894,866	22,385
Operation of automotive equipment	75,555	42,617	53,547
For General and Regulatory/ Shared Services Center	945,222	1,029,853	988,165
Refunds	1,737,632	9,500,000	-
Total expenditures	131,956,694	145,177,005	120,680,034
Lapsed balances	$ 48,721,906	$ 36,988,795	$ 58,955,866

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES
APPROPRIATED FUNDS

	Fiscal Year		
	2011	2010	2009
	P.A. 96-0956 P.A. 96-0957	P.A. 96-0035 P.A. 96-0039 P.A. 96-0042 P.A. 96-0046 P.A. 96-0819	P.A. 95-0731 P.A. 95-0734
Communications Revolving - 0312			
Appropriations (net after transfers)	$ 154,779,400	$ 154,779,400	$ 153,852,700
Expenditures:			
Personal services	11,050,601	11,062,357	10,945,532
Contribution to SERS	3,075,091	3,143,986	2,299,013
Contribution to social security	817,461	817,954	817,234
Group insurance	2,267,536	2,188,928	2,200,729
Contractual services	2,120,128	2,584,022	3,682,523
Travel	57,577	70,180	134,988
Commodities	39,238	37,037	63,160
Printing	30,012	30,827	42,331
Equipment	36,977	36,541	181,108
Electronic data processing	1,476,455	1,365,333	1,504,954
Telecommunications services	64,441,398	68,185,862	72,190,925
Operation of automotive equipment	111,429	103,470	125,462
For General and Regulatory/ Shared Services Center	686,498	690,298	896,105
Education technology - operating and admin costs	15,336,088	14,201,702	12,747,732
Refunds	1,567,030	4,021,032	2,019
Total expenditures	103,113,519	108,539,530	107,833,815
Lapsed balances	$ 51,665,881	$ 46,239,870	$ 46,018,885
Facilities Management Revolving - 0314			
Appropriations (net after transfers)	$ 303,296,100	$ 303,716,500	$ 224,020,000
Expenditures:			
Personal services	17,732,125	18,091,790	20,513,632
Contribution to SERS	4,970,003	5,154,551	4,331,438
Contribution to social security	1,297,106	1,326,368	1,507,977
Group insurance	3,872,924	3,705,715	4,376,189
Contractual services	131,311,736	153,175,807	154,348,466
Travel	32,828	24,604	36,354
Commodities	397,463	385,814	382,957
Printing	283	242	520
Equipment	57,451	55,007	90,905
Electronic data processing	517,589	513,939	564,727
Telecommunications services	234,932	184,431	239,943
Operation of automotive equipment	123,059	113,264	127,120
Lump sums	29,109,524	16,930,421	18,339,605
For General and Regulatory/ Shared Services Center	982,624	876,022	821,180
Total expenditures	190,639,647	200,537,975	205,681,013
Lapsed balances	$ 112,656,453	$ 103,178,525	$ 18,338,987

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
APPROPRIATED FUNDS

	Fiscal Year 2011	Fiscal Year 2010	Fiscal Year 2009
	P.A. 96-0956 P.A. 96-0957	P.A. 96-0035 P.A. 96-0039 P.A. 96-0042 P.A. 96-0046 P.A. 96-0819	P.A. 95-0731 P.A. 95-0734
Efficiency Initiatives Revolving - 0315			
Appropriations (net after transfers)	$ -	$ -	$ 100,000
Expenditures:			
Efficiency initiatives	-	-	18,507
Total expenditures	-	-	18,507
Lapsed balances	$ -	$ -	$ 81,493
Professional Services - 0317			
Appropriations (net after transfers)	$ 15,000,000	$ 18,650,700	$ 17,874,700
Expenditures:			
Personal services	-	6,152,063	6,720,448
Contribution to SERS	-	1,747,486	1,416,986
Contribution to social security	-	449,271	497,267
Group insurance	-	1,148,648	1,311,464
Contractual services	-	956,897	916,034
Travel	-	68,511	127,327
Commodities	-	4,027	5,205
Printing	-	9,941	56,267
Equipment	-	5,211	12,792
Electronic data processing	-	216,068	145,199
Telecommunications services	-	77,787	94,062
Operation of automotive equipment	-	2,408	3,684
Internal audit consolidation	6,540,467	1,209,866	1,483,493
Total expenditures	6,540,467	12,048,184	12,790,228
Lapsed balances	$ 8,459,533	$ 6,602,516	$ 5,084,472
Workers' Compensation Revolving - 0332			
Appropriations (net after transfers)	$ 127,924,000	$ 127,924,000	$ 127,924,000
Expenditures:			
Workers' compensation claims	121,512,157	120,504,624	109,650,535
Admin. expenses and payment of temporary disability	6,364,300	4,640,621	1,951,747
Total expenditures	127,876,457	125,145,245	111,602,282
Lapsed balances	$ 47,543	$ 2,778,755	$ 16,321,718

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES
APPROPRIATED FUNDS

	Fiscal Year		
	2011	2010	2009
		P.A. 96-0035	
		P.A. 96-0039	
		P.A. 96-0042	
	P.A. 96-0956	P.A. 96-0046	P.A. 95-0731
	P.A. 96-0957	P.A. 96-0819	P.A. 95-0734
Minority and Female Business Enterprise - 0352			
Appropriations (net after transfers)	$ 50,000	$ 50,000	$ 50,000
Expenditures:	-	-	-
Total expenditures	-	-	-
Lapsed balances	$ 50,000	$ 50,000	$ 50,000
Group Insurance Premium - 0457			
Appropriations (net after transfers)	$ 95,740,100	$ 95,740,100	$ 90,740,100
Expenditures:			
Life insurance coverage	84,707,717	83,954,865	81,118,532
Cost containment program	288,000	-	1,883
Total expenditures	84,995,717	83,954,865	81,120,415
Lapsed balances	$ 10,744,383	$ 11,785,235	$ 9,619,685
American Recovery and Reinvestment Act - 0693			
Appropriations (net after transfers)	$ 20,000,000	$ 20,000,000	$ -
Expenditures:			
Central Admin Costs - ARRA	-	-	-
Total Expenditures	-	-	-
Lapsed balances	$ 20,000,000	$ 20,000,000	$ -
State Employees' Deferred Compensation Plan - 0755			
Appropriations (net after transfers)	$ 1,209,900	$ 1,174,800	$ 1,019,000
Expenditures:			
Administration	994,177	960,392	935,412
Total expenditures	994,177	960,392	935,412
Lapsed balances	$ 215,723	$ 214,408	$ 83,588

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES
APPROPRIATED FUNDS

	Fiscal Year		
	2011	2010	2009
		P.A. 96-0035	
		P.A. 96-0039	
		P.A. 96-0042	
	P.A. 96-0956	P.A. 96-0046	P.A. 95-0731
	P.A. 96-0957	P.A. 96-0819	P.A. 95-0734
State Surplus Property Revolving - 0903			
Appropriations (net after transfers)	$ 3,838,000	$ 3,838,000	$ 3,838,000
Expenditures:			
Ordinary and contingent expenditures			
Record processing/I-Cycle program	3,474,789	2,857,384	2,747,703
Total expenditures	3,474,789	2,857,384	2,747,703
Lapsed balances	$ 363,211	$ 980,616	$ 1,090,297
Health Insurance Reserve - 0907			
Appropriations (net after transfers)	$ 28,388,500	$ 23,388,500	$ 13,323,300
Expenditures:			
Cost containment	5,098	19,380	33,804
For General and Regulatory/ Shared Services Center	-	183,045	250,158
Health care coverage	24,611,532	19,393,737	9,059,454
Total expenditures	24,616,630	19,596,162	9,343,416
Lapsed balances	$ 3,771,870	$ 3,792,338	$ 3,979,884
Grand Total, All Appropriated funds			
Appropriations (net after transfers)	$ 1,131,830,730	$ 1,127,733,474	$ 946,566,294
Total expenditures	807,338,617	829,640,250	766,705,499
Reappropriations	45,887,671	46,295,230	8,094,074
Total lapsed balances	$ 278,604,442	$ 251,797,994	$ 171,766,721
State Officers' Payroll			
Appropriations (through Comptroller's Office)	$ 384,500	$ 384,500	$ 384,500
Expenditures:			
For the Director	135,640	142,339	121,346
For Assistant Directors	221,307	242,058	141,062
Total expenditures	356,947	384,397	262,408
Lapsed balances	$ 27,553	$ 103	$ 122,092

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
SCHEDULE OF CHANGES IN STATE PROPERTY
For Fiscal Year Ended June 30, 2011
(Exressed in Thousands)

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Department-wide Capital Assets				
Land and land improvements	$ 42	$ -	$ -	$ 42
Building and building improvements	5,035	395	(395)	5,035
Equipment	2,249	-	(164)	2,085
Total Department-wide Capital Assets	7,326	395	(559)	7,162
State Garage Revolving Fund - 0303				
Equipment	3,719	36	(330)	3,425
Total State Garage Revolving Fund - 0303	3,719	36	(330)	3,425
Statistical Services Revolving Fund - 0304				
Equipment	93,360	953	(4,617)	89,696
Total Statistical Services Revolving Fund - 0304	93,360	953	(4,617)	89,696
Paper and Printing Revolving Fund - 0308				
Equipment	15	-	-	15
Total Paper and Printing Revolving Fund - 0308	15	-	-	15
Communications Revolving Fund - 0312				
Equipment	99,584	1,729	(5,636)	95,677
Leases: Buildings and Building Improvements	696	-	-	696
Total Communications Revolving Fund - 0312	100,280	1,729	(5,636)	96,373
Facilities Management Revolving Fund-0314				
Land and land improvements	38,364	-	-	38,364
Site improvements	3,889	-	-	3,889
Buildings and building improvements	400,558	3,778	-	404,336
Leases: Buildings and building improvements	50,202		-	50,202
Equipment	1,023	32	(218)	837
Works of Art	974	-	-	974
Total Management Revolving Fund - 0314	495,010	3,810	(218)	498,602
Workers' Compensation Revolving Fund-0332				
Equipment	11	-	-	11
Total Workers' Comp Revolving Fund - 0332	11	-	-	11
TOTAL PROPERTY AND EQUIPMENT, AT COST	$ 699,721	$ 6,923	$ (11,360)	$ 695,284

(1) This summary schedule was prepared using State property records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.

(2) This schedule has been reconciled to the financial statements.

(3) This schedule was prepared on the cash basis of accounting and, therefore, does not include lapse period purchases nor in-transit items.

(4) The information in this schedule has been reconciled to the property reports submitted to the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
SCHEDULE OF CHANGES IN STATE PROPERTY
For Fiscal Year Ended June 30, 2010
(Exressed in Thousands)

	Restated Balance June 30, 2009	Additions	Deletions	Balance June 30, 2010
Department-wide Capital Assets				
Land and land improvements	$ 42	$ -	$ -	$ 42
Building and building improvements	5,035	616	(616)	5,035
Equipment	2,235	523	(509)	2,249
Total Department-wide Capital Assets	7,312	1,139	(1,125)	7,326
State Garage Revolving Fund - 0303				
Equipment	3,884	127	(292)	3,719
Total State Garage Revolving Fund - 0303	3,884	127	(292)	3,719
Statistical Services Revolving Fund - 0304				
Equipment	92,880	4,155	(3,675)	93,360
Total Statistical Services Revolving Fund - 0304	92,880	4,155	(3,675)	93,360
Paper and Printing Revolving Fund - 0308				
Equipment	15	-	-	15
Total Paper and Printing Revolving Fund - 0308	15	-	-	15
Communications Revolving Fund - 0312				
Equipment	104,683	2,943	(8,042)	99,584
Leases: Buildings and Building Improvements	696	-	-	696
Total Communications Revolving Fund - 0312	105,379	2,943	(8,042)	100,280
Facilities Management Revolving Fund-0314				
Land and land improvements	38,364	-	-	38,364
Site improvements	3,889	-	-	3,889
Buildings and building improvements	394,154	6,404	-	400,558
Leases: Buildings and building improvements	50,202	-	-	50,202
Equipment	925	171	(73)	1,023
Works of Art	974	-	-	974
Total Management Revolving Fund-0314	488,508	6,575	(73)	495,010
Workers' Compensation Revolving Fund-0332				
Equipment	-	11	-	11
Total Workers' Comp Revolving Fund - 0332	-	11	-	11
TOTAL PROPERTY AND EQUIPMENT, AT COST	$ 697,978	$ 14,950	$ (13,207)	$ 699,721

(1) This summary schedule was prepared using State property records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the Office of the Comptroller for financial reporting in accordance with generally accepted accounting principles.

(2) This schedule has been reconciled to the financial statements.

(3) This schedule was prepared on the cash basis of accounting and, therefore, does not include lapse period purchases nor in-transit items.

(4) The information in this schedule has been reconciled to the property reports submitted to the State Comptroller.

Schedule 5

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICE

COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Years Ended June 30, 2011, 2010 and 2009

	2011	2010	2009
General Revenue Fund - 0001			
Miscellaneous	$ 41,537	$ 10,532	$ 3,345
Repay State-upward mobility	84,917	66,358	79,410
Other Illinois State Agencies	-	360	-
Other	-	-	992
Total cash receipts per Department	126,454	77,250	83,747
Less - In transit at End of Year	(32,731)	(182)	-
Plus - In transit at Beginning of Year	182	-	3,872
Plus - PY Refunds / Warrant Voids	6,863	26,430	5,825
Total cash receipts per State Comptroller's Records	$ 100,768	$ 103,498	$ 93,444
Local Government Health Insurance Reserve - 0193			
Insurance Premiums	$ 52,506,763	$ 53,160,040	$ 54,801,563
Third Party Reimbursements	585,805	499,378	584,350
Other Charges for Services	-	12,148	-
Federal Medicare Part D	128,110	161,676	161,619
Total cash receipts per Department	53,220,678	53,833,242	55,547,532
Less - In transit at End of Year	-	(1,057,349)	-
Plus - In transit at Beginning of Year	1,057,349	-	564,974
Total cash receipts per State Comptroller's Records	$ 54,278,027	$ 52,775,893	$ 56,112,506
Flexible Spending Account - 0202			
Payroll deductions	$ 30,492,408	$ 29,475,760	$ 27,394,317
Total cash receipts per Department	30,492,408	29,475,760	27,394,317
Less - In transit at End of Year	-	(3,164)	-
Plus - In transit at Beginning of Year	3,164	-	3,745
Total cash receipts per State Comptroller's Records	$ 30,495,572	$ 29,472,596	$ 27,398,062

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICE

COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER
For the Years Ended June 30, 2011, 2010 and 2009

	2011	2010	2009
State Garage Revolving - 0303			
Charges to user agencies	$ 41,393,859	$ 40,722,835	$ 38,475,417
Total cash receipts per Department	41,393,859	40,722,835	38,475,417
Less - In transit at End of Year	-	-	-
Less - Due from Other Funds at Beginning of Year	(3,373,188)	(4,450,180)	(14,976)
Plus - In transit at Beginning of Year	-	-	5,195
Plus - Due from Other Funds at End of Year	2,314,293	3,373,188	4,450,180
Plus - PY Refunds / Warrant Voids	2,985	4,886	36,135
Total cash receipts per State Comptroller's Records	$ 40,337,949	$ 39,650,729	$ 42,951,951
Statistical Services Revolving - 0304			
Charges to user agencies	$ 138,397,266	$ 150,618,048	$ 105,790,289
Total cash receipts per Department	138,397,266	150,618,048	105,790,289
Less - In transit at End of Year	(216)	(3,043)	(4,753)
Less - Due from Other Funds at Beginning of Year	(9,740,712)	(6,289,711)	(212,595)
Plus - In transit at Beginning of Year	3,043	4,753	14
Plus - Due from Other Funds at End of Year	6,753,500	9,740,712	6,289,711
Plus - PY Refunds / Warrant Voids	1,034	-	32,680
Total cash receipts per State Comptroller's Records	$ 135,413,915	$ 154,070,759	$ 111,895,346
Paper and Printing Revolving - 0308			
Charges to user agencies	$ -	$ -	$ 105
Total cash receipts per Department and State Comptroller's Records	$ -	$ -	$ 105
Communications Revolving - 0312			
Charges to user agencies	$ 108,561,486	$ 101,280,532	$ 111,833,912
Federal Stimulus Package	1,975,847	-	-
Total cash receipts per Department	110,537,333	101,280,532	111,833,912
Less - In transit at End of Year	(576,228)	(439)	(439)
Less - Due from Other Funds at Beginning of Year	(14,806,141)	(9,214,966)	(157,655)
Plus - In transit at Beginning of Year	439	439	196,239
Plus - Due from Other Funds at End of Year	22,067,749	14,806,141	9,214,966
Plus - PY Refunds / Warrant Voids	48	17	137
Total cash receipts per State Comptroller's Records	$ 117,223,200	$ 106,871,724	$ 121,087,160

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICE

Schedule 5

COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE COMPTROLLER
For the Years Ended June 30, 2011, 2010 and 2009

	2011	2010	2009
Facilities Management Revolving - 0314			
Rental income	$ 208,877,824	$ 181,912,244	$ 174,167,199
Total cash receipts per Department	208,877,824	181,912,244	174,167,199
Less - In transit at End of Year	-	(2,482)	(1,825)
Less - Due from Other Funds at Beginning of Year	(78,460)	(5,661,502)	(8,116)
Plus - In transit at Beginning of Year	2,482	1,825	59,811
Plus - Due from Other Funds at End of Year	8,451,501	78,460	5,661,502
Plus - PY Refunds / Warrant Voids	48,946	1,394	1,111
Total cash receipts per State Comptroller's Records	$ 217,302,293	$ 176,329,939	$ 179,879,682
Illinois Prescription Drug Discount Program - 0316			
Senior citizens / Prescription drug discount fees	$ 2,290	$ 9,730	$ 1,350
Total cash receipts per Department	2,290	9,730	1,350
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	2,065
Total cash receipts per State Comptroller's Records	$ 2,290	$ 9,730	$ 3,415
Professional Services - 0317			
Miscellaneous	$ -	$ -	$ 305
Total cash receipts per Department and State Comptroller's Records	$ -	$ -	$ 305
State Police Vehicle Maintenance - 0328			
State property sales	$ 245,393	$ 53,684	$ 39,220
Total cash receipts per Department and State Comptroller's Records	$ 245,393	$ 53,684	$ 39,220
Workers' Compensation Revolving - 0332			
Receipts due to subrogation of workers' compensation claims	$ 2,251,168	$ 1,452,148	$ 1,231,710
Total cash receipts per Department	2,251,168	1,452,148	1,231,710
Less - In transit at End of Year	-	(12,587)	-
Plus - In transit at Beginning of Year	12,587	-	2,243
Plus - PY Refunds / Warrant Voids	46,670	5,579	1,376
Total cash receipts per State Comptroller's Records	$ 2,310,425	$ 1,445,140	$ 1,235,329

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICE

Schedule 5

COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE COMPTROLLER
For the Years Ended June 30, 2011, 2010 and 2009

	2011	2010	2009
Group Insurance Premium - 0457			
Direct payments of insurance premiums by employees	$ 1,002,517	$ 859,825	$ 799,729
Optional life deductions	56,256,794	48,254,986	51,008,181
Carrier refunds	11,137,738	3,931,378	5,576,296
Employer reimbursement for basic life coverage	9,589,051	8,881,926	9,012,617
Transfers in from other funds	9,463,100	13,818,800	12,856,738
Total cash receipts per Department	87,449,200	75,746,915	79,253,561
Less - In transit at End of Year	(100,212)	-	-
Less - Due from Other Funds at Beginning of Year	(3,693,800)	-	-
Plus - In transit at Beginning of Year	-	-	107,133
Plus - Due from Other Funds at End of Year	-	3,693,800	-
Plus - PY Refunds / Warrant Voids	59	6,881	1,560
Total cash receipts per State Comptroller's Records	$ 83,655,247	$ 79,447,596	$ 79,362,254
Community College Health Insurance Security - 0577			
Transfers in from other funds	$ 4,237,280	$ 4,059,420	$ 3,916,338
Federal Medicare Part D	2,269,248	2,229,046	1,891,360
Third Party Reimbursement	1,835,229	1,334,682	1,143,207
Total cash receipts per Department	8,341,757	7,623,148	6,950,905
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	61,924
Total cash receipts per State Comptroller's Records	$ 8,341,757	$ 7,623,148	$ 7,012,829
State Employees' Deferred Compensation Plan - 0755			
Benefit receipts	$ 5,489,361	$ 2,569,133	$ 3,295,412
Annual asset charge and investment exchange	1,304,875	1,083,221	947,652
Investment and other income	-	648	11,202
Payroll deductions	166,700,023	161,988,558	167,173,186
Other	152	43	888
Total cash receipts per Department	173,494,411	165,641,603	171,428,340
Less - In transit at End of Year	(232,083)	(25,344)	(32,050)
Plus - In transit at Beginning of Year	25,344	32,050	23,635
Total cash receipts per State Comptroller's Records	$ 173,287,672	$ 165,648,309	$ 171,419,925

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICE

Schedule 5

COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE COMPTROLLER
For the Years Ended June 30, 2011, 2010 and 2009

	2011	2010	2009
State Surplus Property Revolving - 0903			
Sales of surplus property	$ 5,244,466	$ 2,462,595	$ 2,535,727
Total cash receipts per Department	5,244,466	2,462,595	2,535,727
Less - In transit at End of Year	(8,873)	(12,109)	(11,335)
Plus - In transit at Beginning of Year	12,109	11,335	90,110
Total cash receipts per State Comptroller's Records	$ 5,247,702	$ 2,461,821	$ 2,614,502
Health Insurance Reserve - 0907			
Reimbursement of insurance premiums from federal trusts, other funds, and employers	$ 147,995,053	$ 134,171,102	$ 112,603,558
Direct payments of insurance premiums by employees	12,169,336	11,190,536	11,805,312
Refunds from insurance carriers	36,691,299	31,994,246	25,060,494
Optional health deductions	241,213,258	239,962,777	228,329,287
Health facilities	190,424,397	174,801,746	176,036,233
Transfers in from other funds	11,500,000	12,000,000	11,960,000
Federal Medicare Part D	36,534,853	37,850,299	34,679,879
Total cash receipts per Department	676,528,196	641,970,706	600,474,763
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	2,162,159
Plus - PY Refunds / Warrant Voids	1,217	-	-
Total cash receipts per State Comptroller's Records	$ 676,529,413	$ 641,970,706	$ 602,636,922
GRAND TOTAL - ALL FUNDS	$ 1,536,602,703	$ 1,452,880,440	$ 1,375,208,399
Less - In transit at End of Year	(950,343)	(1,116,699)	(50,402)
Less - Due from Other Funds at Beginning of Year	(31,692,301)	(25,616,359)	(393,342)
Plus - In transit at Beginning of Year	1,116,699	50,402	3,283,119
Plus - Due from Other Funds at End of Year	39,587,043	31,692,301	25,616,359
Plus - PY Refunds / Warrant Voids	107,822	45,187	78,824
Total cash receipts per State Comptroller's Records - All Funds	$ 1,544,771,623	$ 1,457,935,272	$ 1,403,742,957

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

For the Two Years Ended June 30, 2011

The State of Illinois, Department of Central Management Services' (Department) explanations for significant fluctuations in expenditures greater than $500,000 and 15% between fiscal years 2009 and 2010, and 2010 and 2011 as presented in the "Comparative Schedule of Net Appropriations, Expenditure, and Lapsed Balances – Appropriated Funds" (Schedule 3) are detailed below:

2009 to 2010

General Revenue – 0001

For Fiscal Year 2010, the General Assembly changed the appropriation process for operating expenses that were paid from the General Revenue Fund. The Department received two lump sum appropriations for operational expenses, not including personal service and contribution to social security expenditures, rather than individual appropriations designated for specific purposes.

Total expenditures increased $13,601,443 (18.3%). The increase is due to the receipt of additional appropriation in fiscal year 2010 which was used to pay down the deficit the General Revenue Fund owed to the Facilities Management Revolving Fund.

Capital Development – 0141

The information technology experienced an increase in expenditures of $720,924 (>100.0%). The increase is due to capital funds releases being more limited in fiscal year 2009, thereby reducing the ability to spend.

State Garage Revolving – 0303

Contributions to the State Employees' Retirement System increased $726,480 (40.5%) due primarily to an increase in the contribution rate from 21.049% in fiscal year 2009 to 28.377% in fiscal year 2010.

Statistical Service Revolving – 0304

Contribution to the State Employees' Retirement System increased $3,293,867 (36.3%) due primarily to an increase in the contribution rate from 21.049% in fiscal year 2009 to 28.377% in fiscal year 2010.

Contractual services expenditures decreased by $1,033,268 (62.2%) due to a cut in training and consultant expenses in fiscal year 2010 as the result of cash flow issues.

Electronic data processing expenditures increased $10,622,313 (19.5%). The fiscal year 2010 expenditures reflect payment of facilities invoices for both fiscal years 2009 and fiscal year 2010 pursuant to the catch up billing provision (30 ILCS 105/25).

A $1,872,481 (> 100.0%) increase in telecommunication services is due to only a partial payment of invoices in fiscal year 2009. Payments in fiscal year 2010 included both fiscal year 2010 and outstanding fiscal year 2009 invoices.

Refunds increased $9,500,000 (100.0%). Fiscal year 2010 included refunds to Federal Health and Human Services for settlement of prior fiscal years State-Wide Cost Allocation Plan filings and related rate overcharges.

Communications Revolving – 0312

Contribution to the State Employees' Retirement System increased $844,973 (36.8%) due primarily to an increase in the contribution rate from 21.049% in fiscal year 2009 to 28.377% in fiscal year 2010.

Contractual services expenditures decreased $1,098,501 (29.8%) between fiscal year 2009 and fiscal year 2010. The decrease is due to lower Symphony billing system and consultant costs.

Refunds increased $4,019,013 (> 100.0%). Fiscal year 2010 included refunds to Federal Health and Human Services for settlement of prior fiscal years State-Wide Cost Allocation Plan filings and related rate overcharges.

Facilities Management Revolving – 0314

Contribution to the State Employees' Retirement System increased $823,113 (19.0%) due primarily to an increase in the contribution rate from 21.049% in fiscal year 2009 to 28.377% in fiscal year 2010.

Group insurance expenditures decreased $670,474 (15.3%). The decrease is due to a move in the headcount from the dedicated line to a lump sum line. Headcount and related payroll expenditures increased fiscal year 2010 lump sums although total lump sums decreased due to decreases in other operational costs.

Workers' Compensation Revolving – 0332

Administrative expenses and payment of temporary total disability expenditures increased $2,688,874 (> 100.0%). The increase is a result of a portion of the fiscal year 2010 temporary total disability payments being paid from the smaller lump sum in order to keep appropriation available for the claims line.

Health Insurance Reserve – 0907

Health care coverage expenditures increased $10,334,283 (> 100.0%). The increase is due to workers compensation medical claim spending of $9 million in fiscal year 2010. In prior years there was no Health Insurance Reserve Fund appropriation for this spending.

2010 to 2011

General Revenue – 0001

Personal services expenditures decreased by $8,139,728 (100.0%) due to a corresponding reduction in the related appropriation from fiscal year 2010 to fiscal year 2011. Fiscal year 2011 appropriations were included in lump sum operations for all operating costs including personal services.

Contributions to social security expenditures decreased by $594,011 (100.0%) due to a corresponding reduction in the related appropriation from fiscal year 2010 to fiscal year 2011. Fiscal year 2011 appropriations were included in lump sum operations for all operating costs including personal services and related costs.

Governor's discretionary appropriation expenditures increased $10,000,000 (100.0%). The increase is due to the Department receiving an allocation from the Governor's discretionary lump sum for purposes of worker's compensation.

Capital Development – 0141

The information technology experienced a decrease in expenditures of $891,285 (68.6%). The decrease is due to capital funds releases being more limited in fiscal year 2011, thereby reducing the ability to spend that year.

State Garage Revolving – 0303

Personal services expenditures decreased by $3,150,821 (35.7%) due to a move of the State Garage Revolving Fund payroll to the General Revenue Fund payroll during fiscal year 2011 for a total of nine payrolls.

Contribution to the State Employees' Retirement System decreased $926,814 (36.8%). The decrease is due to a move of the State Garage Revolving Fund payroll to the General Revenue Fund payroll during fiscal year 2011 for a total of nine payrolls.

Group insurance expenditures decreased by $662,142 (30.4%) due to a move of the State Garage Revolving Fund payroll to the General Revenue Fund payroll during fiscal year 2011 for a total of nine payrolls.

Contractual services expenditures decreased by $505,948 (27.5%). The decrease is due to a decrease in facilities management expenditures of $470,000 from fiscal year 2010 and a decrease of $30,000 in temporary services expenditures from fiscal year 2010.

Statistical Service Revolving – 0304

A $694,022 (36.6%) increase in telecommunication services is due to only a partial payment of invoices in fiscal year 2010 rather than full payment of invoices in fiscal year 2011.

There was a $7,762,368 (81.7%) decrease in refunds. Fiscal year 2010 included a refund to Federal Health and Human Services for settlement of fiscal years 2006, 2007, and 2008 State-Wide Cost Allocation Plan filings and related rate overcharges. The fiscal year 2011 amount includes a refund to Federal Health and Human Services related to only fiscal year 2009 State-Wide Cost Allocation Plan filing and related rate overcharges.

Communications Revolving – 0312

There was a $2,454,002 (61.0%) decrease in refunds. Fiscal year 2010 included refunds that were not included in fiscal year 2011 of Federal Health and Human Services refunds for settlement of State-Wide Cost Allocation Plan filings and related rate overcharges.

Facilities Management Revolving – 0314

Lump sums increased $12,179,103 (71.9%). The increase is due to a shift in spending from the contractual line to the lump sum appropriation.

Professional Services – 0317

All dedicated line items in the professional services fund decreased. The decrease is the result of Professional Services Fund dedicated lines being converted to the internal audit consolidation lump sum appropriations in fiscal year 2011.

Workers' Compensation Revolving – 0332

Administrative expenses and payment of temporary disability increased $1,723,679 (37.1%). The increase is due to a portion of the fiscal year 2011 temporary total disability payments being paid from the smaller lump sum in order to keep appropriation available for workers' compensation claims.

State Surplus Property Revolving – 0903

The Record processing/ I-Cycle program expenses increased by $617,405 (21.6%) due to cash flow difficulties experienced in fiscal year 2010. Payroll was paid from the General Revenue Fund in fiscal year 2010.

Health Insurance Reserve – 0907

Health care coverage expenditures increased by $5,217,795 (26.9%). The increase is due to a $5 million increase in appropriations for worker's compensation medical claims.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

For the Two Years Ended June 30, 2011

The State of Illinois, Department of Central Management Services' (Department) explanations for significant fluctuations in receipts greater than $100,000 and 15% between fiscal years 2010 and 2009, and between fiscal years 2011 and 2010 as presented in the "Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the Comptroller" (Schedule 5) are detailed below:

2009 and 2010

Statistical Services Revolving Fund – 0304

Charges to user agencies increased $44,827,759 (42.4%). The increase is due to a large portion of fiscal year 2009 agency payments that were held until the end of lapse period and as a result were recorded as fiscal year 2010 receipts.

Workers' Compensation Revolving – 0332

The Worker's Compensation Revolving Fund increased $220,438 (17.9%) during fiscal year 2010. Revenues in this fund are from subrogation recoveries, chargeback reimbursements from agencies for temporary disability payments and interfund transfers. Receipts increased due to an increase in workers compensation reimbursements and miscellaneous receipts.

Group Insurance Premium – 0457

The decrease in carrier refunds of $1,644,918 (29.5%) during fiscal year 2010 was based on paid premiums versus actual claims resulting in a decrease in payments received from fiscal year 2009 to fiscal year 2010.

Community College Health Insurance Security – 0577

The increase in Federal Medicare Part D receipts of $337,686 (17.9%) was caused by an improvement in the coordination of benefits under the program which resulted in increasing reimbursements during the fiscal year.

The increase in third party reimbursements of $191,475 (16.7%) resulted from an increase in the cost of drugs in which the Department receives formula rebates.

State Employee Deferred Compensation Plan – 0755

Benefits receipts decreased $726,279 (22.0%) as a result of a rebound in the market from a prior decline in fiscal year 2009. In addition, fewer participants were transferring money from other accounts.

Health Insurance Reserve – 0907

The reimbursement of insurance premiums from federal trusts, other funds, and employers increased $21,567,544 (19.2%). This is due to better collection efforts and reimbursement reporting to agencies and universities and their ability to pay CMS.

Refunds from insurance carriers increased $6,933,752 (27.7%). The increase is a direct result of actual experience and actual claims for the year.

2010 and 2011

State Police Vehicle Maintenance– 0328

State property sales increased $191,709 (> 100.0%) resulting from an increase in surplus ISP vehicle sales during 2011.

Workers' Compensation Revolving – 0332

Subrogation of workers' compensation claims increased $799,020 (55.0%) resulting from variations in recoveries from third parties each year. The timing of settlements of subrogation claims is not predictable or consistent from year-to-year.

Group Insurance Premium – 0457

Direct payments of insurance premiums by employees increased $142,692 (16.6%). The increase is due to an increase in basic coverage during fiscal year 2011.

The increase in optional life deductions of $8,001,808 (16.6%) was caused by an increase in basic coverage during fiscal year 2011 which resulted in an increase in employee's direct payments for premiums received by CMS.

The increase in carrier refunds of $7,206,360 (> 100.0%) during fiscal year 2011 was caused by fewer deaths resulting in a reduction in rates.

Transfers in from other funds decreased by $4,355,700 (31.5%). The decrease is due to a reduction in operating transfers from the General Revenue Fund to the Group Insurance Premium Fund in fiscal year 2011.

Community College Health Insurance Security – 0577

The increase in third party reimbursements of $500,547 (37.5%) resulted from an increase in the cost of drugs in which the Department receives formula rebates.

State Employee Deferred Compensation Plan – 0755

The increase in benefits receipts of $2,920,228 (> 100.0%) is attributable to the popularity of the Stable Return Fund, and an increase in employees retiring and rolling over widow/survivor benefits or refunds.

Annual asset charge and investment exchange receipts increased by $221,654 (20.5%). The annual asset charge and investment exchange fees are transfers from the reimbursement account. The monthly amount of the transfer increased from $97,900 to $100,825 to reflect an increase in the administrative appropriation from fiscal year 2010 to fiscal year 2011. The majority of the difference is due to the transfer in July 2010 of $296,625 which included 2 months of transfers from fiscal year 2010.

State Surplus Property Revolving – 0903

Receipts for the sales of surplus property increased by $2,781,871 (> 100.0%) due to an increase of federal General Services Administration surplus vehicles sold to agencies.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

For the Two Years Ended June 30, 2011

The State of Illinois, Department of Central Management Services' (Department) explanations for significant lapse period spending greater than $500,000 and 15% as presented in the "Schedule of Appropriations, Expenditures and Lapsed Balances" (Schedule 2) by fund for fiscal year 2010 and 2011 are detailed below.

2010

State Garage Revolving – 0303

Approximately 24.9% of total expenditures in the State Garage Revolving Fund were paid during the lapse period during fiscal year 2010. This is due to the fund being cash managed for the entire fiscal year, paying bills as receipts and cash were available. During the lapse period, there was a push to collect amounts from agencies and pay remaining fiscal year bills. The Illinois Office of Comptroller's General Revenue Fund holds at June 30, 2010 contributed to increased lapse spending in fiscal year 2010.

Statistical Services Revolving Fund – 0304

Approximately 17.3% of total expenditures in the Statistical Services Revolving Fund were paid during the lapse period during fiscal year 2010. This is due to the fund being cash managed for the entire fiscal year, paying bills as receipts and cash were available. During the lapse period, there was a push to collect amounts from agencies and pay remaining fiscal year bills. The Illinois Office of Comptroller's General Revenue Fund holds at June 30, 2010 contributed to increased lapse spending in fiscal year 2010.

Communications Revolving Fund – 0312

Approximately 19.6% of total expenditures in the Communications Revolving Fund were paid during the lapse period during fiscal year 2010. This is due to the fund being cash managed for the entire fiscal year, paying bills as receipts and cash were available. During the lapse period, there was a push to collect amounts from agencies and pay remaining fiscal year bills. The Illinois Office of Comptroller's General Revenue Fund holds at June 30, 2010 contributed to increased lapse spending in fiscal year 2010.

Facilities Management Revolving Fund – 0314

Approximately 33.6% of total expenditures in the Facilities Management Revolving Fund were paid during the lapse period during fiscal year 2010. This is due to the fund being cash managed for the entire fiscal year, paying bills as receipts and cash were available. During the lapse period, there was a push to collect amounts from agencies and pay remaining fiscal year bills.

Workers' Compensations Revolving Fund – 0332

Approximately 18.4% of total expenditures in the Workers' Compensations Revolving Fund were paid during the lapse period during fiscal year 2010. This is due to the fund being cash managed for the entire fiscal year, paying bills as receipts and cash were available.

Group Insurance Premium – 0457

Approximately 16.8% of total expenditures in the Group Insurance Premium Fund were paid during lapse period during fiscal year 2010. The Group Insurance Premium Fund makes twelve monthly premium payments to its life insurance carrier. However, these payments are made two months in arrears to ensure that accurate member counts are used to assess the amount due and therefore two of the twelve payments (16.8%) were paid during the lapse period during fiscal year 2010.

State Surplus Property Revolving Fund – 0903

Approximately 15.6% of total expenditures in the State Surplus Property Revolving Fund were paid during lapse period during fiscal year 2010. This is due to the fund being cash managed for the entire fiscal year, paying bills as receipts and cash were available. During the lapse period, there was a push to collect amounts from agencies and pay remaining fiscal year bills.

2011

General Revenue Fund – 0001

Approximately 20.2% of total expenditures in the General Revenue Fund were paid during the lapse period during fiscal year 2011. This is a direct result of General Revenue Fund cash flow issues. When cash was freed by the Illinois Office of the Comptroller, the expenditure was cleared. Included in this amount is a $10,000,000 discretionary appropriation expenditure paid to the Workers' Compensation Fund.

State Garage Revolving – 0303

Approximately 20.8% of total expenditures in the State Garage Revolving Fund were paid during the lapse period during fiscal year 2011. This is due to the fund being cash managed for the entire fiscal year, paying bills as receipts and cash were available. During the lapse period, there was a push to collect amounts from agencies and pay remaining fiscal year bills. The Illinois Office of Comptroller's General Revenue Fund holds at June 30, 2011 contributed to increased lapse spending in fiscal year 2011.

Statistical Services Revolving Fund – 0304

Approximately 18.9% of total expenditures in the Statistical Services Revolving Fund were paid during the lapse period during fiscal year 2011. This is due to the fund being cash managed for the entire fiscal year, paying bills as receipts and cash were available. During the lapse period, there was a push to collect amounts from agencies and pay remaining fiscal year bills. The Illinois Office of Comptroller's General Revenue Fund holds at June 30, 2011 contributed to increased lapse spending in fiscal year 2011.

Facilities Management Revolving Fund – 0314

Approximately 24.3% of total expenditures in the Facilities Management Revolving Fund were paid during the lapse period during fiscal year 2011. This is due to the fund being cash managed for the entire fiscal year, paying bills as receipts and cash were available. During the lapse period, there was a push to collect amounts from agencies and pay remaining fiscal year bills. The Illinois Office of Comptroller's General Revenue Fund holds at June 30, 2011 contributed to increased lapse spending in fiscal year 2011.

Group Insurance Premium – 0457

Approximately 16.8% of total expenditures in the Group Insurance Premium Fund were paid during lapse period during fiscal years 2011. The Group Insurance Premium Fund makes twelve monthly premium payments to its life insurance carrier. However, these payments are made two months in arrears to ensure that accurate member counts are used to assess the amount due and therefore two of the twelve payments (16.8%) were paid during the lapse period during fiscal year 2011.

State Surplus Property Revolving Fund – 0903

Approximately 16.0% of total expenditures in the Group Insurance Premium Fund were paid during lapse period during fiscal years 2011. This is due to the fund being cash managed for the entire fiscal year, paying bills as receipts and cash were available. During the lapse period, there was a push to collect amounts from agencies and pay remaining fiscal year bills.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

Schedule 6

ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2011
(Expressed in Thousands)

	General Revenue 001	State Garage Revolving 303	Communications Revolving 312	Facilities Management Revolving 314	Professional Services Revolving 317	Workers' Compensation Revolving 332	State Employees' Deferred Compensation Plan 755	State Surplus Property Revolving 903	Group Insurance 1457
Accounts receivable - Intergovernmental and other	$ -	$ 45	$ 3,405	$ -	$ -	$ -	$ -	$ 22	$ -
Accounts receivable - other	625	12	2,248	5	3	6	939	20	6,581
Total accounts receivable	625	57	5,653	5	3	6	939	42	6,581
Allowance for doubtful accounts	45	-	161	-	-	-	-	16	-
Net accounts receivable	$ 580	$ 57	$ 5,492	$ 5	$ 3	$ 6	$ 939	$ 26	$ 6,581

The information in this schedule has been reconciled to the receivable reports submitted to the State Comptroller.

The Department assesses collectibility through comparison of the receivable balance outstanding to the total billings. The Department utilizes the Comptroller's offset system for non-State agency receivables.

Schedule 6

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2010
(Expressed in Thousands)

	General Revenue 001	State Garage Revolving 303	Communications Revolving 312	Facilities Management Revolving 314	Professional Services Revolving 317	Workers' Compensation Revolving 332	Group Insurance Premium 457	State Employees' Deferred Compensation Plan 755	State Surplus Property Revolving 903	Group Insurance 1457
Accounts receivable - Intergovernmental and other	$ -	$ 41	$ 1,293	$ -	$ -	$ -	$ -	$ -	$ 9	$ -
Accounts receivable - other	631	8	1,981	11	2	6	940	744	73	10,063
Total accounts receivable	631	49	3,274	11	2	6	940	744	82	10,063
Allowance for doubtful accounts	45	-	140	-	-	-	-	-	3	-
Net accounts receivable	$ 586	$ 49	$ 3,134	$ 11	$ 2	$ 6	$ 940	$ 744	$ 79	$ 10,063

The information in this schedule has been reconciled to the receivable reports submitted to the State Comptroller.

The Department assesses collectibility through comparison of the receivable balance outstanding to the total billings. The Department utilizes the Comptroller's offset system for non-State agency receivables.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

AGENCY FUNCTIONS AND PLANNING PROGRAM

For the Years Ended June 30, 2011 and 2010

Introduction

The Department of Central Management Services (Department) provides a wide variety of centralized services to other State and local government agencies. As an agency that provides services to other units of government, the Department is in a unique position to ensure that tax resources are expended in a responsible and effective manner.

The Department is administered from the seventh floor of the Stratton Office Building in Springfield, Illinois. James P. Sledge was Director through June 16, 2011. Malcolm Weems was appointed Acting Director effective June 16, 2011.

The Department is organized in eight major division/bureaus:

- Benefits
- Communication and Computer Services
- Illinois Office of Communication and Information
- Business Enterprise Program
- Personnel
- Property Management
- Strategic Sourcing
- Administrative Operations

Administrative Operations includes the Director's Office and the divisions of Governmental Affairs, Legal Services, Office of Finance and Management, and Office of Internal Audit.

The current organizational structure of the Department was developed to provide streamlined management, improved accountability and improved efficiency in the delivery of service to other agencies. The Department is responsible for the coordination of data processing and data communications; providing personnel, procurement, vehicles, and property management services; management of State employee benefit plans; and administration of the State's Business Enterprises Program for Minorities, Females and Persons with Disabilities.

Agency Planning Program

The Department integrates strategic planning with the measurement of plan implementation to better focus and evaluate its programs. For the two years ended June 30, 2011, the Department's Director authorized the Department's Office of Finance and Management to be the liaison to the Governor's Office of Management and Budget to facilitate the strategic planning process. This process results in an agency-wide strategic plan.

For the two years ended June 30, 2011, the Department's Director authorized the Department's Office of Finance and Management to be the liaison to the Governor's Office of Management and Budget to facilitate the performance management process. The performance management process requires the periodic reporting of program performance information.

The Department enters performance data for each of its programs within the inputs and outputs, outcome and efficiency/cost effectiveness measures along with benchmark data where designated. It is ultimately up to respective bureau managers to determine what, how, and the frequency of what gets reported.

The Department's programs complete Agency Performance Indicators for each of its programs. These indicators provide activity measures data as inputs and outputs, and operational performance measures as customer services or efficiency measures in conjunction with benchmark data. At the completion of each fiscal year, the Department submits Service Efforts and Accomplishments (information on at least five of its programs to the Comptroller's Public Accountability Project). The information includes a narrative, program mission, goals and input, output and performance data.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

AVERAGE NUMBER OF EMPLOYEES

For the Fiscal Years Ended June 30, 2011, 2010, and 2009

The following information was prepared from the State of Illinois Department of Central Management Services records and represents the average full-time equivalent number of employees by bureau during the fiscal years ended June 30:

Bureau	2011	2010	2009
Administrative Operations	101	152	163
Communications and Computer Services	601	650	674
Personnel	100	99	105
Benefits	87	88	89
Property Management	285	305	326
Information Services	72	75	75
Business Enterprise Programs	11	10	10
Strategic Sourcing and Procurement	191	196	203
Total	1,448	1,575	1,645

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

EMERGENCY PURCHASES

For the Fiscal Year Ended June 30, 2011

Description	Amount
Procurement to extend the existing telecommunication network service contract with Sprint. The emergency procurement is necessary to allow time for the award of a new telecommunication network services contract.	$ 309,699
Procurement to extend the existing telecommunication network service contract with AT&T. The emergency procurement is necessary to allow time for the award of a new telecommunication network services contract.	6,508,009
Procurement of Centrex services from AT&T is necessary to allow time for a Statewide Telecom Network Voice & Data Services contract.	2,083,736
Procurement of Centrex services from AT&T is necessary to allow time for a Statewide Telecom Network Voice & Data Services contract.	5,391,838
Procurement of Centrex services from AT&T is necessary to allow time for a Statewide Telecom Network Voice & Data Services contract.	929,984
Procurement of Centrex services from Sprint is necessary to allow time for a Statewide Telecom Network Voice & Data Services contract.	438,006
Procurement of mainframe application development services for various CMS Bureau of Communications and Computer Services (BCCS) projects resulting from numerous state and federal mandates.	125,820
Procurement of network services to enable connectivity between Bloomington/Normal and Champaign to ensure critical data communications for state agencies.	52,725
Procurement to extend contract for the purchase of drugs and pharmaceuticals for persons in State Institutions. This emergency procurement will allow time to solicit bids for the establishment of a new master contract.	14,620,621

Procurement to extend contract for office supplies necessary for the day-to-day operations of the State Government. This emergency procurement will allow time to solicit bids for the establishment of a new master contract for office supplies.	1,600,415	
Procurement to extend the existing service contract with Sprint for lines with Ludeman Developmental Center. The emergency procurement is necessary to allow time to complete the installation of an in-building or tower solution for the facility. Upon completion service will be moved to Verizon, who currently is the State's master contract provider for these services.	3,617	
Procurement to extend the existing medical bill review services and PPO network for injured state workers. The emergency procurement allows time to complete an invitation to bid to procure a long-term replacement contract.	375,000	*
Procurement to extend the existing contract to provide temporary employee services. The emergency procurement allows time to complete an invitation to bid to procure a long-term replacement contract.	17,188	*
Procurement to extend the existing contract to provide temporary employee services. The emergency procurement allows time to complete an invitation to bid to procure a long-term replacement contract.	1,824,375	*
Procurement to extend the existing contract to provide temporary employee services. The emergency procurement allows time to complete an invitation to bid to procure a long-term replacement contract.	89,688	*
Procurement to extend the existing medical bill review services and PPO network for injured state workers. The emergency procurement allows time to complete an invitation to bid to procure a long-term replacement contract.	450,000	*
Procurement to extend the existing continuing legal education. The emergency procurement allows time to complete an invitation to bid to procure a long-term replacement contract.	25,889	*
Procurement of mainframe application development services for various BCCS projects resulting from numerous state and federal mandates.	119,232	*

Procurement to continue network and data communications services to State Agencies, boards and commissions and other constituents while services are transitioned to vendors under contract from the Statewide Telecom Network Voice and Data Services solicitation.	1,702,728 *
	$ 36,668,570

* Estimated Cost

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

EMERGENCY PURCHASES

For the Fiscal Year Ended June 30, 2010

Description	Amount
Procurement of contract for hardware maintenance with Concurrent Computer Corporation to allow time to award a new hardware maintenance contract.	$ 397,146
Cellular services contract to cover Region 5 while the solicitation of a new contract is finished. This emergency procurement will allow time for the award of a statewide cellular contract.	9,335
Cellular services contract to cover Region 7 while the solicitation of a new contract is finished. This emergency procurement will allow time for the award of a statewide cellular contract.	78,991
Procurement of cellular services for push to talk feature due to the fact that the new state wide cellular contract had not been executed.	540,631
Cellular services contract to cover Regions 1-4 and 6 while the solicitation of a new contract is finished. This emergency procurement will allow time for the award of a statewide cellular	4,738,418
Procurement of contract for Network Master Services to allow time for the solicitation, award and implementation of replacement contracts as a result of RFP 08-31864.	27,537,559
Procurement of contract for Network Master Services to allow time for the solicitation, award and implementation of replacement contracts as a result of RFP 08-31864.	3,557,229
Procurement of telecommunications consulting services to prepare and file application for ARRA stimulus grants connected with the Broadband Technology Opportunity Program.	30,000
Procurement of preservation and restoration of damaged files resulting from flooding in the basement of the Bucari Building due to state regulations requiring retainage of documents for 99 years.	946,248

Description	Amount
Procurement of janitorial services to avoid an interruption in services at the JR Thompson center due to default on the contract by the current holder.	345,452
	$ 38,181,009

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

DEBT COLLECTION BOARD

For the Two Fiscal Years Ended June 30, 2011

The Debt Collection Board (Board) was established by P.A. 89-511 with the purpose of creating a "centralized collections service to undertake further collection efforts on delinquent accounts or claims of the State which have not been collected through the reasonable efforts of the respective State agencies." Public Act 93-570 created a Debt Collection Bureau within the Department of Revenue, and mandated that this bureau serve as the "primary debt collecting entity for the State." This resulted in the Debt Collection Bureau assuming a majority of the Debt Collection Board's responsibilities relating to establishment of centralized services for debt collection on delinquent accounts for various state agencies.

The Board consists of the Director of the Department of Central Management Services as chairman, the State Comptroller, and the Attorney General, or their respective designees.

The Board has worked with the Department of Revenue to transition debt collection responsibilities. During fiscal year 2007, the Board promulgated rule changes in the Illinois Administrative Code (74 Ill. Adm. Code Part 910) to clarify its redefined jurisdiction. The Board has also drafted legislation to abolish its existence due to the fact that so few accounts have been placed with the Board within the two fiscal years during the transition period. As of June 30, 2009, the Debt Collection Board had only three agencies reporting accounts receivable.

Public Act 96-0493 eliminated the Debt Collection Board by repealing 30 ILCS 210/8. Subsequently the Board rules were repealed in their entirety, effective January 1, 2010.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

SERVICE EFFORTS AND ACCOMPLISHMENTS

For the Fiscal Years Ended June 30, 2011
(Unaudited)

(Dollars in Thousands)

	FY2011		FY2010	
Program	**Expenditures**	**Headcount**	**Expenditures**	**Headcount**
Communications and Computer Services	$ 231,527	604	$ 250,252	650
Employee Benefits and Risk Management	262,483	67	259,705	67
Property Management	220,719	285	234,219	305
Strategic Sourcing	46,896	190	44,914	196
Other/Non Programs	25,140	99	18,776	149
Personnel	12,785	100	12,843	99
Media Services	8,402	71	8,211	75
Business Enterprise Program	937	10	720	10
Agency Totals	**$ 808,889**	**1,426**	**$ 829,640**	**1,551**

The mission of the Illinois Department of Central Management Services (CMS) is to free Illinois State agencies and governmental entities from certain administrative responsibilities so they can focus their energies and resources on accomplishing their core missions. CMS works with state agencies and members of the Illinois General Assembly to deliver essential services including procurement, property management, information technology, telecommunications, internal audit, legal services, personnel, employee and retiree benefits, and supplier diversity programs. This report details six of the Department's key programs.

The Business Enterprise Program (BEP) certifies businesses that are owned and operated by minorities, women, and persons with disabilities, and assists in certifying businesses in order to bid for state contracts. The Department continues to advance efforts to expand opportunities for businesses owned by women, minorities, and persons with disabilities. The Department also encourages large State contracts to include subcontracting opportunities for BEP-certified firms.

Communications and Computer Services manages the planning and delivery of statewide information technology and telecommunications services. It operates central computing facilities, maintains common computer applications and manages the Illinois Century Network (ICN), which provides broadband network connectivity to educational institutions and state government. CMS continues to pursue IT consolidation efforts to drive down operating costs and improve service delivery.

Employee Benefits and Risk Management administers group insurance programs for all active and retired state employees, retired teachers, retired community college employees, and employees of local government units, the State's deferred compensation program, the pre-tax flexible spending and commuter savings programs for state employees and the State's risk management programs, including workers' compensation, auto liability, representation and indemnification and insurance procurement.

Personnel administers the state personnel code, manages the state personnel program, and recruits and qualifies prospective employees. In addition, CMS administers the Upward Mobility Program, Veterans' Outreach Program and Diversity Enrichment Program, Back Wage Claims, Governor's Internship Program, and oversees agency day-care services. Labor Relations represents the State of Illinois at arbitration hearings, at collective bargaining negotiations and before the Illinois Labor Relations Board. The Bureau of Personnel continues to implement the electronic Web-based hiring application to simplify and increase access to state employment opportunities, and enhance objectivity throughout the selection process.

Property Management manages and maintains state owned properties, oversees the lease or purchase of needed space, coordinates the disposition of surplus real and personal property, administers state and federal surplus property programs, coordinates recycling programs and administers special events. As the State's coordinator for the Law Enforcement Support Office (LESO), CMS secures military equipment for use by Illinois law enforcement agencies.

Strategic Sourcing is focused on reducing the cost of state government while alleviating the burdens Illinois businesses have faced in doing business with the state. Through a center-led approach to procurement and standardizing the procurement process for equipment, commodities and services across state agencies, this program has reduced the total cost of the provision of these goods and services. This program is also responsible for managing the state's fleet operations.

The preceding information is part of the draft SEA report.

Central Management Services – Business Enterprise Program

Mission Statement: To promote and encourage the continued economic development of minority and female owned and operated businesses and that minority and female owned and operated businesses participate in the State's procurement process as both prime and subcontractors.

Program Goals:

Objectives:

1. Promote the participation of BEP prime and subcontractor goals for RFP's over $500,000.
   - [a] Seek achievement of BEP participation goals.
   - [b] Ensure that good faith efforts are made by the prime to achieve BEP participation goals prior to any waiver.
   - [c] Continue to enhance CMS management controls to maximize BEP participation goals
2. Monitor the efforts of agencies towards their achievement of BEP prime and subcontracting goals for all State contracts.
   - [a] Improve the monitoring system for compliance of BEP participation goals.
   - [b] Work closely with all state agencies on monthly progress of BEP participation goals.
   - [c] Recommend additional and/or remedial efforts by agencies when BEP participation goals are or appear to be below reasonable expectations

Funds: General Revenue Fund, Minority and Female Business Enterprise Fund

Statutory Authority: 30 ILCS 575

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$ 948.8	$ 720.5	$ 1,089.4	$ 936.5	$ 1,180.5
Total Expenditures – state appropriated funds (in thousands)	948.8	720.5	1,089.4	936.5	1,180.5
Average monthly full-time equivalents	11.0	10.0	11.0	10.0	14.0
Output Indicators					
Number of Outreach events attended	125.0	130.0	100.0	89.0	100.0
Number of BEP applications received	2,082	1,989	2,000	1,814	2,100
Number of BEP certifications approved	1,140	1,158	1,500	1,513	1,800
Number of BEP certifications denied	411.0	178.0	400.0	286.0	300.0
Number of BEP (Minority, Women, Disabled Business Enterprise) subcontracting firms	1,548	1,564	1,600	1,270	1,500

Central Management Services – Communication and Computer Services

Mission Statement: The Communications and Computer Services Program (BCCS) is mandated by State statute and is committed to procuring and providing state-of-the-art, reliable, cost-effective, high quality telecommunications and computer services to state agencies, boards, commissions, constitutional offices, educational entities and participating units of local and county government. To that end, the program maintains optimum accountability, professionalism, and efficiency in the management and delivery of those services to enable its customers to accomplish their missions and service the people of the State of Illinois.

Program Goals:

Objectives:

1. Provide appropriate technological infrastructure, tools, services, and resources to meet user needs.
   [a] Maintain information technology (IT) and communications infrastructure availability.
   [b] Develop and achieve timeliness and performance standards in each major service area.
   [c] Support state agencies' and enterprise-wide IT initiatives.
2. Collaborate with state agencies, boards and commissions to manage the application of technology to business needs.
   [a] Ensure alignment with the state's technical architecture and strategy.
   [b] Identify functional areas where the adoption of program standards would be beneficial.
3. Make available opportunities for state employees to take advantage of technology training to improve their job performance.
   [a] Provide quality technical training opportunities for state employees in technical positions.
   [b] Provide classes, seminars and presentations to promote technology awareness among employees in non-technical positions.
4. Provide technology support for CMS Bureaus
   [a] Assist CMS Bureaus in assessing their business program technology needs.
   [b] Develop and maintain computer applications to support the CMS Bureaus.
5. Establish benchmarks, performance measures and service level expectations for our customers.
   [a] Continually monitor performance metrics and service level expectations.
   [b] Provide regular performance metric reporting to internal and external stakeholders.
   [c] Research various performance metric methodologies and industry-based standards and benchmarks.
6. Manage resources and services efficiently to minimize costs.
   [a] Ensure that the state only pays reasonable prices for goods and services that it needs and for which it is responsible.
   [b] Ensure that the rates state government pays and the prices CMS charges for services are appropriate.
7. Communicate effectively regarding BCCS service information and accomplishments.
   [a] Hold periodic meetings with agency stakeholders regarding available program service offerings.
   [b] Communicate regularly with agency stakeholders via websites, online service catalogs, and electronic publications.

Funds: General Revenue Fund, Capital Development Fund, Statistical Services Revolving Fund, Communications Revolving Fund

Statutory Authority: 20 ILCS 405/ 405-20, 405/405-270

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$ 226,837.7	$ 250,251.6	$ 322,069.6	$ 231,526.7	$ 356,029.0
Total Expenditures – state appropriated funds (in thousands)	226,837.7	250,251.6	322,069.6	231,526.7	356,029.0
Average monthly full-time equivalents	675.0	650.0	727.0	604.0	718.0
Output Indicators					
Number of network data circuits manages	7,742	7,866	7,900	7,505	7,450
Telecommunications Orders processed/month	1,109	930	1,000	1,042	1,000
Device (DASD) billed/month	27,780,409	30,934,150	31,000,000	46,717,174	47,500,000

Outcome Indicators	Fiscal Year 2008 Actual	Fiscal Year 2009 Actual	Fiscal Year 2010 Target/ Projected	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected
Percent mainframe transactions completed within 1 second	98%	97.7%	98%	98.2%	98.2%
Percent mainframe system availability	99.4%	99.5%	99%	99.5%	99.5%
External Benchmarks					
Mainframe transactions completed within 2 seconds (per Gartner Group Research)	98.4%	98.4%	98.4%	98.4%	98.4%

Central Management Services – Employee Benefits & Risk Management

Mission Statement: To administer high-quality benefit programs, that contribute positively to the health, well-being and prosperity of statutorily-specified, groups of Illinois government employees, retirees and their families; and to minimize the State of Illinois exposure to risk.

Program Goals:

Objectives:

1. Administer and provide member facing functions to support employee benefit programs that promote and maintain individual well-being
   [a] Offer health, dental and vision benefits for all enrollees each year.
   [b] Increase enrollment in the Flexible Spending Accounts
2. Promote and maintain a safe and secure work environment.
   [a] Provide prompt and equitable services to state employees who have work-related injuries and facilitate their return to work as safely and quickly as possible.
3. Establish benchmarks, measures and service expectations.
   [a] Resolve disputes between members and carriers within 30 days of notification.
   [b] Conduct audits of all agencies to determine that correct reimbursement payments have been made by agencies, boards, commissions, offices and universities.
   [c] Increase total dollars deferred each year.
   [d] Effectively and efficiently process payments for bills related to medical treatment, rehabilitation services, temporary disability income payments, and settlements for permanent impairments within ninety days of service
4. Manage resources and services efficiently to minimize costs and maximize value.
5. Improve the communication level and quality of information on programs and services provided and accomplishments achieved by CMS.
   [a] Educate eligible enrollees regarding all benefit programs available through issuing educational materials prior to the annual benefits choice period.
6. Provide appropriate technological infrastructure, tools, services, and resources to meet user needs.

Funds: General Revenue Fund, Workers' Compensation Revolving Fund, Group Insurance Fund, State Employees Deferred Compensation Plan Fund, Health Insurance Reserve Fund

Statutory Authority: 5 ILCS 375 et seq. 20 ILCS 405

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$ 230,414.9	$ 259,705.3	$ 283,551.3	$ 262,482.5	$ 279,311.4
Total Expenditures – state appropriated funds (in thousands)	230,414.9	259,705.3	283,551.3	262,482.5	279,311.4
Average monthly full-time equivalents	68.0	67.0	102.0	67.0	79.0
Output Indicators					
Number of disputes resolved	2,080	5,077	3,000	4,676	4,500
Number of flexible spending account participants (MCAP & DCAP)	13,017	13,402	13,500	13,509	13,500
Number of payroll deduction discrepancies received	7,693	6,119	6,000	4,961	4,500
Number of premium refund requests received	3,282	1,784	1,700	1,654	1,600
Number of SERS Financial Incentive Program Participants	164.0	183.0	190.0	217.0	225.0
Number of new SERS Financial Incentive Program Participants	59.0	60.0	60.0	74.0	75.0
Number of COBRA notifications mailed	15,566	12,353	13,000	11,975	12,000
Number of Medicare Coordination of Benefits cases received	8,970	6,727	6,500	6,713	6,500
Deferred compensation – total dollars deferred (in millions)	$ 166.9	$ 162.0	$ 165.0	$ 166.2	$ 170.0
Number of deferred compensation participants	52,596	52,322	52,800	52,386	52,500
Number of new deferred compensation participants	1,420	1,628	1,500	2,180	2,000

Output Indicators - Continued	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Number of Workers' Compensation injuries	6,204	6,518	6,500	6,514	6,500
Number of independent medical evaluations performs	305.0	261.0	300.0	318.0	300.0
Number of injured employees returned to work at modified duty	2,006	2,334	2,500	2,206	2,200
Number of motor vehicle liability claims	1,607	1,427	1,400	1,512	1,500
Number of non-litigated vehicle liability claims closed	1,786	1,340	1,300	1,578	1,400
Outcome Indicators					
Percent of disputes resolved within 30 days of notification	96.4%	98%	95%	98%	98%
Percent of payroll deduction discrepancies resolved within 60 days of Benefits notification	88%	89%	92%	89.9%	90%
Percent of premium refunds processed within 30 days of receipt	77.9%	81%	83%	73.4%	80%
Percent of COBRA eligible participants notified within 30 days	81.1%	84%	85%	82.8%	85%
Percent of Medicare COB cases completed within 30 days	99.6%	99.6%	98%	99.9%	99%
Annual change in Workers' Compensation spending	-10.1%	14.9%	5.9%	1.9%	0%
Savings resulted from Workers' Compensation Physicians PPO Network (in millions)	$ 3.0	$ 3.7	$ 4.0	$ 5.5	$ 5.0
Percent of medical cost containment savings to total medical program cost	60.1%	37%	42%	38.1%	40%
Percent of workers compensation claimants with a satisfied/very satisfied rating of the early intervention program	94%	96%	95%	98%	98%
Percent of vehicle liability claimants contacted within 5 calendar days	99.5%	100%	98%	100%	99%
Average number of days to close a vehicle liability case (bodily injury and property damage)	97.0	43.0	50.0	60.0	50.0
Percent of indemnity expenses and awards within a 20 business day period	92%	80%	90%	98.3%	95%
External Benchmarks					
Number of deferred compensation investments exceeding benchmark - 1 year rolling return (Prior to fiscal year 2006, there were 12 total investments. Since fiscal year 2006, there are 14 total investments)	11.0	9.0	11.0	10.0	10.0
Efficiency/Cost-Effectiveness					
Average annual administrative cost per deferred compensation participant (state program)(in dollars)	$ 19.37	$ 18.35	$ 19.00	$ 18.98	$ 19.65
State FICA savings from Commuter Savings Program (in thousands)	N/A	$ 207.2	$ 225.0	$ 107.4	$ 125.0
State FICA Savings from Flexible Spending Programs (in thousands)	N/A	$ 2,255.9	$ 2,250.0	$ 2,023.1	$ 2,150.0

Central Management Services – Personnel

Mission Statement: To develop and administer the State's Personnel Code, Personnel Rules, Pay Plan, Position Classification Plan, current collective bargaining agreements and other applicable laws.

Program Goals:

Objectives:

1. Provide adequate levels of personnel services to other agencies to assist them in carrying out their core missions.
   [a] Improve timeframes for hiring and recruitment efforts.
   [b] Improve turnaround time to all agencies regarding classification issues and Rutan compliance.
   [c] Improve development and administration of testing and selection instruments.
2. Increase diversity of Illinois workforce and access to job opportunities.
   [a] Develop plans to recruit and monitor hiring of minorities.
   [b] Conduct job fairs across Illinois to help increase diversity of state workforce.
3. Improve Personnel-related technology and form automation.

Funds: General Revenue Fund

Statutory Authority: 20 ILCS 415

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$ 15,923.6	$ 12,843.4	$ 13,566.2	$ 12,785.2	$ 11,858.3
Total Expenditures – state appropriated funds (in thousands)	15,923.6	12,843.4	13,566.2	12,785.2	11,858.3
Average monthly full-time equivalents	119.0	99.0	113.0	100.0	117.0
Output Indicators					
Number of job descriptions (104s) processed	6,208	7,815	6,700	7,449	6,700
Number of Rutan reviews processed	1,238	1,357	1,300	1,547	1,300
Number of people trained	2,402	2,836	2,800	1,656	2,800
Number of participants at Diversity Enrichment job fairs	17,360	14,455	12,000	5,070	12,000
Number of Diversity Enrichment Program Events	35.0	30.0	25.0	18.0	25.0
Number of Packets Distributed at Diversity Enrichment Program Job Fairs	8,566	6,843	4,400	3.940	4,400
Number of veterans counseled	668.0	580.0	600.0	592.0	600.0
Number of automated exams given	84,299	74,801	70,000	92,184	80,000
Number of job applications received	143,342	148,635	140,000	184,400	155,000
Number of Upward Mobility Program participants certified and credentialed	855.0	1,032.0	1,000	1,074	1,000
Number of TRAEX exams graded	53,450	65,366	55,000	84,239	55,000
Number of Upward Mobility Program participants appoint to UMP positions	218.0	280.0	280.0	507.0	280.0
Number of people enrolled in Upward Mobility Program	3,843	3,665	4,100	3,653	4,100
Number of transactions processed	114,917	112,776	115,000	119,537	115,000
Number of grievances resolved	61.0	67.0	60.0	86.0	65.0
Outcome Indicators					
Average number of days for Personnel to Review and Approve Job Descriptions	84.7	42.5	60.0	27.1	60.0
Percent of Full-Time Permanent State Employees in Code Agencies that represent a Minority Group	58.8%	58.75%	58.2%	58.6%	58.2%

Central Management Services – Property Management

Mission Statement: The Property Management Program is authorized by statute to provide, coordinate, operate, and oversee State of Illinois facilities, and real and personal property for state agencies. To that end, the program secures property by lease or purchase and manages the daily operations of and public access to facilities by maintaining grounds, structure, utilities, and environmental systems. The program acquires and disposes of real and personal property through the surplus property program in an efficient and cost effective manner.

Program Goals:

Objectives:

1. Establish benchmarks, measures and service expectations.
   [a] Implement a fully integrated facility and real estate management enterprise solution.
   [b] Implement the leasing strategy's holdover lease component aimed at reduction of holdover leases to industry standards.
   [c] Reduce the State's cost of occupancy in both state owned and leased properties.
   [d] Improve the Bureau's timeliness, responsiveness, and customer satisfaction by streamlining internal procedures.
   [e] Reduce the State's energy cost utilizing energy consumption and contract consolidation strategies.
2. Manage resources and services efficiently to minimize cost.
   [a] Drive down occupancy cost through the application of newly developed space standards, the due diligence process, facilities assessment and operational consolidation.
   [b] Ensure the state only pays for goods and services that it needs and for which it is responsible.
   [c] Ensure the rates State Government pays and the prices that CMS charges for services are appropriate.
3. Expand marketing efforts of I-Cycle program to educate state government employees about the benefits of recycling.
   [a] Initiate marketing strategies in coordination with the Governor's Green Council Committee, Department of Natural Resources, and Department of Commerce and Economic Opportunity.
   [b] Implement programs and policies for recycling of plastics and fluorescent and high intensity discharge lamps.
   [c] Continue to review, recommend and implement recycling programs for various types of batteries and small electronics.
   [d] Continue to participate in toner cartridge and book recycling.

Funds: General Revenue Fund, Facilities Management Revolving Fund, State Surplus Property Revolving Fund

Statutory Authority: 20 ILCS 405/ 405-300

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$ 221,737.4	$ 234,218.9	$ 330,154.0	$ 220,719.2	$ 321,204.7
Total Expenditures – state appropriated funds (in thousands)	221,737.5	234,218.9	330,154.0	220,719.2	321,204.7
Average monthly full-time equivalents	325.0	305.0	342.0	285.0	342.0
Output Indicators					
Number of facilities participating in I-Cycle Program	254.0	254.0	260.0	283.0	325.0
Number of equipment items transferred out of State Surplus Warehouse	3,316	4,410	4,600	4,129	4,000
Number of items sold via I-Big	3,038	1,876	2,400	2,997	3,500
Number of Registered bidders for I-Bid Program	7,760	3,294	5,700	5,695	9,000
Outcome Indicators					
Percent of work orders completed within the fiscal year	98%	98%	98%	90%	90%

Central Management Services – Strategic Sourcing

Mission Statement: To reduce the cost of state government through a center-led procurement approach, while alleviating the burden Illinois businesses have faced in doing business with the state. Strategic Sourcing is also responsible for state fleet operations and maintenance, fuel management, and vehicle leasing for all state agencies, as well as providing timely mail service for state government.

Program Goals:

Objectives:

1. Provide seamless, high quality strategic sourcing services to other state agencies while reducing the cost of government.
   - [a] Provide adequate levels of services to other agencies to allow them to focus on their core missions.
   - [b] Improve the transparency, quality and consistency of procurement processes and documents.
   - [c] Drive down costs through strategic sourcing best practices.
2. Improve the ease and accessibility of doing business with the State with particular emphasis on small and diverse businesses.
   - [a] Increase access and expand contracting opportunities for small and diverse businesses.
3. Manage fleet resources and services efficiently to minimize costs.
   - [a] Increase mechanical repair capabilities to ensure agency fleet needs are met and fleet cost reductions maintained.
   - [b] Stabilize fleet management costs and enhance fleet assets.
   - [c] Capture fleet data for enhanced fleet management.

Funds: General Revenue Fund, State Garage Revolving Fund, Statistical Services Revolving Fund, Communications Revolving Fund, Facilities Management Revolving Fund

Statutory Authority: 30 ILCS 500, 20 ILCS 405

Input Indicators	Fiscal Year 2009 Actual	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected	Fiscal Year 2011 Actual	Fiscal Year 2012 Target/ Projected
Total Expenditures – all sources (in thousands)	$ 43,058.1	$ 44,913.8	$ 63,586.1	$ 46,895.9	$ 80,602.8
Total Expenditures – state appropriated funds (in thousands)	43,058.1	44,913.8	63,586.1	46,895.9	80,602.8
Average monthly full-time equivalents	203.0	196.0	225.0	190.0	232.0
Output Indicators					
Gallons of gasohol sold	770,800	744,826	740,000	683,249	650,000
Fleet Consumption - Biodiesel (gallons)	1,720,074	2,423,000	2,500,000	2,423,929	2,500,000
Fleet Consumption - E-85 (gallons (a)	186,589	118,000	150,000	165,118	200,000
Total state garage billings (in millions)	$ 27.9	$ 27.9	$ 28.0	$ 27.2	$ 28.0
Outcome Indicators					
Mechanic productivity rate	102.9%	103.4%	104%	103.4%	104%
Percent savings to state agencies - DOV mechanical labor per hour vs. industry average for passenger vehicle	25.3%	23.1%	24.7%	24.7%	26.3%
Percent of vehicles purchased meeting federal requirements when FFV vehicles are available (EPACT)	83%	98%	95%	97.7%	95%
Total contract dollars generated from diverse business subcontracting goals (in thousands)	$ 56,800.0	$ 48,002.5	$ 66,000.0	$ 49,261.0	$ 60,000.0
Average score of Supplier Relationship Management survey results	7.9	7.8	7.8	7.8	7.8

Efficiency/Cost-Effectiveness	Fiscal Year 2008 Actual	Fiscal Year 2009 Actual	Fiscal Year 2010 Target/ Projected	Fiscal Year 2010 Actual	Fiscal Year 2011 Target/ Projected
DOV mechanical labor rate per hour (in dollars)	$ 65.00	$ 70.00	$ 70.00	$ 70.00	$ 70.00
External Benchmarks					
Industry average mechanical	$ 85.00	$ 91.00	$ 93.00	$ 93.00	$ 95.00