STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2019

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

West & Company, LLC
Certified Public Accountants

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019

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STATE OF ILLINOIS
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AGENCY OFFICIALS

Governor	Honorable J.B. Pritzker (01/14/19 - Present) Honorable Bruce Rauner (07/01/17 - 01/13/19)
Chief of Staff	Ms. Anne Caprara (01/14/19 - Present) Mr. Rodger Heaton (10/09/17 - 01/13/19) Ms. Kristina Rasmussen (07/10/17 - 10/08/17) Mr. Richard Goldberg (07/01/17 - 07/09/17)
Deputy Governors*	Ms. Sol Flores (01/14/19 - Present) Mr. Dan Hynes (01/14/19 - Present) Mr. Christian Mitchell (01/14/19 - Present) Mr. Jesse Ruiz (01/14/19 - Present) Vacant (12/16/18 to 01/13/19) Mr. Trey Childress (07/01/17 - 12/15/18) Ms. Leslie Munger (07/01/17 – 9/23/18)
Chief Operating Officer	Ms. Jasmine Hooks (07/15/19 - Present) Vacant (12/16/18 to 7/14/19) Mr. Trey Childress (07/01/17 - 12/15/18)
General Counsel	Ms. Ann Spillane (1/14/19 - Present) Ms. Lise Spacapan (8/29/17 - 1/13/19) Mr. Dennis Murashko (07/01/17 - 08/28/17)
Director of Operations**	Ms. Jasmine Hooks (01/14/19 – 07/14/19) Vacant (01/01/19 - 01/13/19) Ms. Brittany Ladd (07/01/17 - 12/31/18)
Director of Fiscal Operations	Ms. Nicole Hildebrand (10/16/19 - Present) Ms. Julie Love (01/01/18 - 10/15/19) Ms. Jessica Molloy (07/01/17 - 12/31/17)

The Office of the Governor's primary administrative offices are located at:

207 State House
Springfield, IL 62706

100 West Randolph
JRTC 16-100
Chicago, IL 60601

* As of January 14, 2019, the Office of the Governor (Office) had four Deputy Governors.
** As of July 15, 2019, the Office abolished this position.

OFFICE OF THE GOVERNOR
207 STATE HOUSE
SPRINGFIELD, ILLINOIS 62706

JB PRITZKER
GOVERNOR

February 28, 2020

West & Company, LLC
Certified Public Accountant
919 E. Harris Avenue
Greenville, IL 62246

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 State of Illinois, Office of the Governor (Office). 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 Office's compliance with the following specified requirements during the two-year period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018, and June 30, 2019, the Office has materially complied with the specified requirements listed below.

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

Yours truly,

Illinois Office of the Governor

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Honorable J.B. Pritzker, Governor

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Nicole Hildebrand, Director of Fiscal Operations

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Ann Spillane, General Counsel

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations or disclaimers, but does contain an adverse opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of	Current Report	Prior Report
Findings	13	7
Repeated findings	7	4
Prior recommendations implemented or not repeated	0	1

SCHEDULE OF FINDINGS

Item No.	Page	Last Reported	Description	Finding Type
			FINDINGS (STATE COMPLIANCE)	
2019-001	10	New	Inadequate controls over the Illinois Governor's Mansion property and receipts	Material Weakness and Material Noncompliance
2019-002	13	2017	Inadequate controls over State property	Material Weakness and Material Noncompliance
2019-003	19	New	Failure to maintain controls over personal services functions	Material Weakness and Material Noncompliance
2019-004	24	2017	Appointments of members to boards, commissions, councils, and committees	Material Weakness and Material Noncompliance
2019-005	28	2017	Non-compliance with statutorily mandated responsibilities	Material Weakness and Material Noncompliance

SCHEDULE OF FINDINGS (Continued)

Item No.	Page	Last Reported	Description	Finding Type
			FINDINGS (STATE COMPLIANCE) (Continued)	
2019-006	31	2017	Inadequate controls over receipts processing	Material Weakness and Material Noncompliance
2019-007	33	2017	Voucher processing weaknesses	Material Weakness and Material Noncompliance
2019-008	35	2017	Inadequate controls over travel expenditures	Material Weakness and Material Noncompliance
2019-009	38	New	Inadequate controls over monthly reconciliations	Material Weakness and Material Noncompliance
2019-010	40	2017	Interagency agreements	Significant Deficiency and Noncompliance
2019-011	42	New	Failure to enter into an intergovernmental agreement	Significant Deficiency and Noncompliance
2019-012	43	New	Failure to make appointments to entities considered non-operational and noncompliance with statutorily mandated responsibilities	Significant Deficiency and Noncompliance
2019-013	50	New	Failure to implement provision of the Identity Protection Act	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Office personnel at an exit conference on February 20, 2020.

Attending were:

Office of the Governor
Jasmine Hooks, Chief Operating Officer
Nicole Hildebrand, Director of Fiscal Operations
Whitney Rosen, Deputy General Counsel/Ethics Officer
Steven Roets, Legal/Policy Analyst

Office of the Auditor General
Kathy Lovejoy, Principal of IS Audits

West & Company, LLC – Special Assistant Auditors
Janice Romack, Partner
Michael Lawler, Manager

The responses to the recommendations were provided by Nicole Hildebrand, Director of Fiscal Operations, in a correspondence dated February 28, 2020.

West & Company, LLC
Certified Public Accountants

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Office of the Governor (Office) with the specified 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, 2019. Management of the Office is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Office's compliance with the specified requirements based on our examination.

The specified requirements are:

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

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Office complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

Our examination does not provide a legal determination on the Office's compliance with the specified requirements.

Our examination disclosed material noncompliance with the specified requirements during the two years ended June 30, 2019. As described in items 2019-001 through 2019-013 in the accompanying Schedule of Findings, the Office did not comply with the specified requirements. Items 2019-001 through 2019-009 are each considered to represent material deviations with the specified requirements. As described in the accompanying Schedule of Findings as items 2019-001 through 2019-003 and 2019-006 through 2019-009, the Office had not 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. As described in the accompanying Schedule of Findings as items 2019-001 through 2019-009, the Office had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in the accompanying Schedule of Findings as items 2019-001, 2019-006, and 2019-009, the Office had not ensured the State revenues and receipts collected by the Office were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law. As described in the accompanying Schedule of Findings as items 2019-001, 2019-006, and 2019-009, money or negotiable securities or similar assets handled by the Office on behalf of the State or held in trust by the Office had not been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law. Items 2019-010 through 2019-013 individually would have been regarded as significant noncompliance with the specified requirements; however, when aggregated, we determined these items constitute material deviations with the specified requirements.

In our opinion, because of the significance and pervasiveness of the material deviations from the specified requirements described in the preceding paragraph, the Office did not comply with the specified requirements during the two years ended June 30, 2019, in all material respects.

The Office's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Office's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Office is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Office's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Office's compliance with the specified requirements and to test and report on the Office's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and 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, noncompliance with the specified requirements 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 noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2019-001 through 2019-009 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control 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 the accompanying Schedule of Findings as items 2019-010 through 2019-013 to be significant deficiencies.

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

The Office's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Office's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on the Office's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2018, and June 30, 2019, in Schedules 1 through 5 and the Analysis of Operations section are presented for purposes of additional analysis. Such information is the responsibility of Office management. Because of the significance of the matters described in the accompanying Schedule of Findings as items 2019-001 through 2019-013, it is inappropriate to, and we do not, express an opinion on the supplementary information referred to above.

Greenville, Illinois
February 28, 2020

2019-001 **FINDING** (Inadequate controls over the Illinois Governor's Mansion property and receipts)

The Office of the Governor (Office) lacked adequate controls over the Illinois Governor's Mansion (Mansion) property and receipts.

During testing, we noted:

- During the examination period, the Mansion underwent extensive renovations, which were contracted, overseen, and funded by the Illinois Governor's Mansion Association (Association), a not-for-profit tax exempt 501(c)(3) organization. The Office lacked a formal agreement with the Association for the services and renovations funded by the Association. In addition, the Office lacked supporting documentation on renovations recorded to fixed assets records and did not perform a reconciliation between the Association's renovation expenditures and the Office's additions recorded in the property records or reported on the Office's quarterly Agency Report of State Property (Form C-15). Specifically, we noted:

  - For the quarters ended September 30, 2017, June 30, 2018, and December 31, 2018, the Office reported additions, totaling $10,956,735, to buildings and building improvements for the capital improvements. However, the Office did not maintain documentation to support $9,059,543 of additions reported.

  - The Office reported additions to building and building improvements, totaling $34,147,807, during the examination period on the quarterly Form C-15's; however, only $17,077,265 of building and building improvement additions were recorded in the Office property records.

  As such, we were unable to determine the total amount of renovations completed on the Mansion, which were to be recorded in the Office's property records and on Form C-15's.

- During Fiscal Year 2019, following the completion of extensive renovations, various events were held at the Mansion which were coordinated by the Association. The Office lacked controls over the charge and collection of fees for usage of the facility. During testing of the Office's receipts from these events, we noted:

  - The Office failed to properly monitor the events held at the Mansion and the associated fees collected by the Association on behalf of the Office. No agreement was in place and the Office lacked procedures to ensure all fees collected by the Association were remitted to the Office.

  - The Office reported $5,375 in Governor's Mansion fees collected during Fiscal Year 2019 on its Agency Fee Imposition Report (Report). However, with the lack of controls mentioned above, we were unable to determine if the fees reported were accurate and included all fees charged.

2019-001 **FINDING** (Inadequate controls over the Illinois Governor's Mansion property and receipts) (Continued)

Even given the population limitations noted above, which hindered our ability to conclude whether selected samples were representative of the population as a whole, we performed tests of the Office's property and receipts and noted the matters described in Findings 2019-002 and 2019-006.

The State Records Act (5 ILCS 160/8) requires the head of each agency to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designated to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) also requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized user and misappropriation. Furthermore, the State Comptroller Act (15 ILCS 405/16.2) and State Accounting Management System (SAMS) (Procedure 33.16.20) requires the Office to submit the Agency Fee Imposition Report to the Office of the State Comptroller (Comptroller) by August 1 after the end of each fiscal year. The fees reported should agree with Office records.

In addition, SAMS (Procedure 03.30.10) states building improvements are capital expenditures which materially extend the useful life of building, increase the capacity and/or efficiency of the building, or adapt to a new use. Building improvements also include capital expenditures that add value, extend the useful life, or adapt a leased building to a new use. SAMS (Procedure 03.30.20) also states the valuation of building improvements includes all costs incurred to complete the improvement, including all labor, material, and professional services to construct the building together with insurance, interest and other indirect costs incurred during the period of construction, to place the building into its intended us. Additionally, SAMS (Procedure 29.10.30) states the Form C-15, when properly completed presents the total cost of State property, by category, reflected on the agency's records as of the reporting date

Office personnel indicated the issues identified were due to a lack of oversight and communication with the Association and failure to properly oversee the events held at the Mansion and associated fees collected by the Association.

Failure to properly record capital improvements to the Office's property records resulted in inaccurate property reporting. Additionally, failure to maintain adequate records and proper documentation for capital improvement transactions did not allow for a determination as to whether the improvements were recorded properly. Further, failure to ensure all receipts collected by a third party on behalf of the Office are properly remitted to the Office for deposit could result in a loss of State revenue and inaccurate fee reporting. (Finding Code No. 2019-001)

2019-001 **FINDING** (Inadequate controls over the Illinois Governor's Mansion property and receipts) (Continued)

RECOMMENDATION

We recommend the Office:

- Evaluate the procedures and strengthen the controls over property and equipment purchased by the Association and then donated to the State, to ensure accurate record keeping and reporting of all State assets;

- Ensure balances reported on the Form C-15 accurately reflect Office records;

- Maintain adequate records and documentation of Office property activities;

- Implement controls to ensure all fees collected by the Association on behalf of the Office are remitted; and,

- Strengthen communication with the Association through a formal agreement to clarify activities performed on behalf of the Office by the Association.

OFFICE RESPONSE

The Office agrees with the recommendations and has taken and continues to take steps to ensure all issues raised in the recommendations are addressed. The Office has updated its Interagency Agreement with the Department of Natural Resources (DNR) to clarify the parties' roles relating to the Governor's Mansion. Additionally, the Office and DNR have executed a Memorandum of Understanding with the Illinois Governor's Mansion Association (Association) to address the activities that are performed by the Association. With regard to the issues arising from the extensive renovations of the Governor's Mansion during the previous administration, the Office has evaluated the procedures and strengthened the controls over property and equipment purchases. The Office is working with the Association to obtain all documentation needed to accurately record the value of previous renovations and will correct Form C-15 as necessary. The Office has trained all individuals involved with asset reporting to ensure the procedures are followed so that the documentation is accurate and records are properly maintained. With regard to the issues relating to events at the Governor's Mansion, the Office has implemented new procedures and controls to ensure all fees are remitted in accordance with the Memorandum of Understanding.

2019-002 **FINDING** (Inadequate controls over State property)

The Office of the Governor (Office) did not maintain adequate controls over the recording and reporting of State property.

Due to the following process and control deficiencies identified below and as noted in Finding 2019-001, we were unable to conclude whether the Office's population records were sufficiently precise and detailed under the Attestation standards promulgated by the American institute of Certified Public Accountants (AT-C § 205.35) to test the Office's controls over State property and equipment. In addition, due to these limitations, we were unable to conclude the Office's Schedule of Changes in State Property on page 59 was complete and accurate.

Even given the population limitations noted above, which hindered our ability to conclude whether selected samples were representative of the population as a whole, we performed the following tests:

REPORTING DEFICIENCIES
During testing of the Office's quarterly Agency Report of State Property (Form C-15) we noted inaccurate, unsupported balances, and reporting deficiencies. Specifically:

- Beginning balances reported at September 30, 2018 did not agree to the ending balance reported at June 30, 2018. Buildings and building improvements were understated by $5,721,476, equipment was overstated by $11,799,658, and capital lease assets were overstated by $10,900. This resulted in a total net overstatement of $6,089,082.

- The Office reported deletions, totaling $12,437,523, to equipment for the quarters ended September 30, 2017 and September 30, 2018. In addition, for the quarter ended September 30, 2018, the Office reported additions, totaling $21,500, to historical treasures and arts and deletions, totaling $13,609,502, to buildings and building improvements. However, the Office did not maintain documentation supporting the deletions and additions.

- Three of 8 (38%) quarterly Form C-15s reported an incorrect "Reporting Quarter Ended" date; whereby, the Office reported the due date rather than the date as of the end of the reported quarter.

- One of 8 (13%) quarterly Form C-15 lacked documentation supporting it was timely filed with the Office of the Comptroller.

We also performed a reconciliation between the additions reported on the Office's quarterly Form C-15 and the Office of the Comptroller's Object Expense/Expenditures by Quarter (SA02) report, noting an un-reconcilable difference of $32,062, by which the

2019-002 **FINDING** (Inadequate controls over State property) (Continued)

Form C-15s were overstated. The Office was unable to reconcile the difference, as the Office did not maintain documentation from the Statewide Enterprise Resource Planning system (ERP) to support the Form C-15s.

The State Records Act (5 ILCS 160/8) requires the head of each agency to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities. Additionally, the Statewide Accounting Management System (SAMS) (Procedure 03.30.10) states building improvements are capital expenditures that materially extend the useful life of a building, increase the capacity and/or efficiency of the building, or adapt to a new use. Building improvements also include capital expenditures that add value, extend the useful life, or adapt a leased building to a new use. SAMS (Procedure 03.30.20) also states the valuation of building improvements includes all costs incurred to complete the improvement, including all labor, material, and professional services to construct the building together with insurance, interest and other indirect costs incurred during the period of construction, to place the building into its intended use.

Additionally, SAMS (Procedure 29.20.10) requires the Form C-15 to be filed on a quarterly basis and be submitted to the Office of the Comptroller no later than the last day of the month following the last day of the quarter. SAMS (Procedure 29.10.30) states the C-15, when properly completed presents the total cost of State property, by category, reflected on the agency's records as of the reporting date. SAMS (Procedure 07.30.20) states the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handled that data properly. Agency reconciliation is the primary control that insures these requirements are being satisfied. Finally, SAMS (Procedure 07.30.21) documents processes for the monthly reconciliation of the SA02 reports generated by the Office of the State Comptroller.

RECORDING DEFICIENCIES
The Office maintains their asset records in the ERP. However, we noted the Office did not record:

- Equipment deletions, totaling $12,437,523, reported for the quarters ended September 30, 2017 and September 30, 2018.

- Historical treasures and arts additions, totaling $21,500, and deletions of buildings and building improvements, totaling $13,609,502, reported for the quarter ended September 30, 2018.

2019-002 **FINDING** (Inadequate controls over State property) (Continued)

- Site improvement additions, totaling $8,981, reported for the quarter ended September 30, 2018.

- Equipment additions, totaling $13,417, reported for the quarter ended March 31, 2019.

As a result, the ERP fixed asset report at June 30, 2019, did not agree to the ending balance of fixed assets reported at June 30, 2019 on the Form C-15.

The Office failed to adjust its property records for discrepancies noted in the Annual Certification of Inventory. The Office reported the same two computers as missing in both Fiscal Year 2018 and Fiscal Year 2019. The Office determined the computers were sent to surplus in 2013 and 2014. In addition, the Office's Annual Certification of Inventory for Fiscal Years 2018 and 2019 were not supported with an accurate report of fixed assets from the ERP.

The State Records Act (5 ILCS 160/8) requires the head of each agency to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities. In addition, the Illinois Administrative Code (44 Ill. Adm. Code 5010.460 (a) and (f)) requires agencies to make an annual physical inventory of State equipment in their possession. When an agency completes its inventory, the agency head or his designee shall complete and sign the certification of inventory and discrepancy report and forward the completed certificate, with a complete inventory listing to the Central Management System (CMS) Property Control Division. SAMS (Procedure 29.10.10) requires an agency to maintain current property information at a summary level which includes the physical location of the asset.

PROPERTY OBSERVATION
The Office did not ensure physical locations of property items were accurate based on the Office's property listing. Specifically, during our inspection of 60 property items sampled, we noted:

- Twenty-six (43%) property items, totaling $40,001, could not be located. The items consisted of various furniture, equipment and computers.

  Additionally, the Office was unable to provide documentation to determine if an assessment had been completed to conclude if the computers contained confidential information.

2019-002 **FINDING** (Inadequate controls over State property) (Continued)

- Nine (15%) property items, totaling $41,266, were not tagged. The items consisted of furniture and equipment. In addition, seven of the items were physically found in locations different from locations documented on the property listing.

- Four (7%) property items tested during floor-to-list testing, consisting of furniture and equipment, were not tagged.

- Nineteen (32%) property items tested during floor-to-list testing, consisting of furniture and equipment, could not be traced to the property listing.

The State Property Control Act (30 ILCS 605/4) requires every responsible officer of State government to be accountable to the administrator for the supervision, control and inventory of all property under his jurisdiction. 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 and administrative controls to provide assurance that resources are utilized efficiently and effectively and obligations and costs are in compliance with applicable laws.

Additionally, SAMS (Procedure 29.10.10) requires an agency to maintain current property information at a summary level which includes the physical location of the asset.

The Office did not maintain documentation for unused, damaged, obsolete, or transferrable property. We observed the Office's storage location, noting:

- Ten of 19 (53%) property items tested could not be traced to the Office's property listing. The items consisted of equipment and furniture. In addition, seven of the items were not tagged.

- Five of 19 (26%) property items tested appeared to be obsolete or damaged and were considered to be transferrable; however, the items were not tagged for surplus and the Office was unable to determine if the items were in working condition.

The State Property Control Act (30 ILCS 605/4) requires every responsible officer of State government to be accountable to the administrator for the supervision, control and inventory of all property under his jurisdiction. The Illinois Administrative Code (44 Ill. Adm. Code 5010.620(a)) requires State agencies to regularly survey inventories for transferable equipment and report any such equipment to the CMS Property Control Division.

PROPERTY LEASES
The Office failed to maintain adequate controls over equipment leases. We tested monthly lease payments for a sample of three agreements entered into during the examination period, noting:

2019-002 **FINDING** (Inadequate controls over State property) (Continued)

- Three of 30 (10%) monthly lease payments, totaling $2,476, were not made.

- One of 30 (3%) monthly lease payments, totaling $704, lacked a supporting invoice.

The State Records Act (5 ILCS 160/8) requires the head of each agency to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

During the prior examination, Office management indicated the issues noted in the finding were due to the turnover of several staff in the Office. During the current examination, Office management indicated the Form C-15 reporting errors, missing property items, and inaccurate property listing were due to turnover of personnel and lack of supporting documentation. Further, Office management indicated the Office did not properly update property records after the annual physical inventory due to competing priorities and available resources.

Inadequate control over the Office's property resulted in inaccurate property information and reporting and increased the risk of equipment theft or loss occurring without detection. Additionally, failure to maintain adequate records and proper documentation for equipment transactions did not allow for a determination as to whether the asset is recorded properly. (Finding Code No. 2019-002, 2017-001, 2015-001, 2013-001, 11-1)

RECOMMENDATION

We recommend the Office:

- Properly review and monitor the submission of the Form C-15 to the Office of the Comptroller to ensure compliance with the requirements of SAMS.

- File revised Form C-15 with the Office of the Comptroller to reflect corrected balances.

- Evaluate the procedures and strengthen the controls over property and equipment to ensure proper safekeeping and accurate recordkeeping of all assets.

- Keep adequate records and proper documentation of the Office capital asset activities.

2019-002 **FINDING** (Inadequate controls over State property) (Continued)

OFFICE RESPONSE

The Office agrees with the recommendations. The Office is conducting its annual certification of property inventory in accordance with the recommendations made in the audit findings. Once the Office concludes this process, we will correct and refile Form C-15 with the Comptroller to ensure the balances are reflected accurately. In addition, the Office has reviewed and strengthened the recordkeeping procedures and controls and will be monitoring to ensure accurate records.

2019-003 **FINDING** (Failure to maintain controls over personal services functions)

The Office of the Governor (Office) failed to maintain controls over personal services functions.

We tested employee personnel files for Employment Eligibility Verification (Form I-9) forms for a sample of 25 employees, noting:

- Four (16%) employee personnel files did not have a completed Form I-9 on file.
- Fifteen (60%) employee personnel files had an incomplete Form I-9 on file, specifically, Section 2 was not completed by the employer.
- Three (12%) employee personnel files did not contain completed and dated Section 1 of the Form I-9, which was to be completed on the employee's first day of employment.

The Immigration Reform and Control Act of 1986 (8 U.S. Code § 1324a) (Act) requires an entity hiring an individual for employment in the United States to attest, under penalty of perjury and on a form designated or established by the Attorney General by regulation, that it has verified the individual is not an unauthorized alien. Such attestation is required to be made by completing Form I-9, in which the employee is required to complete Section 1 by the employee's first day of employment and the entity is required to complete Section 2 within 3 business days of the employee's first day of employment. The Act further requires completed I-9 forms to be retained for a period beginning on the date of the hiring, recruiting, or referral of the individual and ending three years after the date of hiring or one year after the individual is terminated, whichever is later.

Additionally, our testing noted:

- One of 25 (4%) employee was paid in excess of the employee's contractual agreement; specifically, the employee received $42 over the total contracted amount, which the Office has not recouped.
- One of 25 (4%) employee did not have adequate personnel records. The hourly employee's personnel records did not have sufficient documentation of the employee's rate of pay. Therefore, we were unable to determine if the employee was receiving the proper gross pay.
- Eight of 25 (32%) employees lacked detailed payroll reports supporting the employee's net pay for the pay period tested. In order to conduct our testing, we had to obtain this information from the Office of the Comptroller.

2019-003 **FINDING** (Failure to maintain proper controls over personal services functions) (Continued)

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 and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to the operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resource.

- Two of 25 (8%) employees transferred in vacation time earned at another State agency in excess of the maximum amount allowed by Office policy. One employee transferred in 40 excess days and the other employee transferred in 12.36 excess days. As a result, the employees were overpaid a total of $29,463 upon separation from employment, which the Office has not recouped.

The Office's Employee Handbook requires employees transferring to the Office from another State office or agency to only be allowed to transfer a maximum of ten vacation days.

During our testing of a sample of 25 employee's payroll withholdings, we noted:

- Three (12%) employees lacked documentation supporting the employee's federal income tax withholding amount. Of the three, two employees' federal income tax withholding amounts did not agree to the auditor's calculated amount based on the employee's Federal Employee's Withholding Certificate and one employee's federal income tax withholding amount was unable to be calculated due to the lack of the Federal Employee's Withholding Certificate.

- Five (20%) employees lacked documentation supporting the employee's State income tax withholding amount. Of the five, two employees' State income tax withholding amounts did not agree to our calculated amount based on the employee's State Withholding Certificate and three employee's State income tax withholding amounts were unable to be calculated due to the lack of documentation of the State Withholding Certificate.

- One (4%) employee lacked documentation supporting retirement contributions withheld.

The Internal Revenue Service Publication 15 (Circular E), Employer's Tax Guide, requires employers to withhold federal income tax from each wage payment or supplemental unemployment compensation plan benefit payment according to the employee's Form W-4 and correct withholding table.

2019-003 **FINDING** (Failure to maintain proper controls over personal services functions) (Continued)

The State Salary and Annuity Withholding Act (5 ILCS 365/3) requires agencies to direct the Office of the Comptroller to withhold deductions from an employee's salary based upon the withholding authorization which the employee has completed. Additionally, the Statewide Accounting Management System (SAMS) (Procedure 23.20.05) requires all State agencies to have on file a properly completed Federal/Illinois withholding certifications for all active employees.

During our testing of employee attendance records, we noted:

- Eight of 25 (32%) employees lacked documentation supporting their accrued balances and time used. Therefore, we were unable to recalculate accrued balances to determine if accruals and usage were in accordance with the Office's rules and policies.

- Sixty of 60 (100%) employee absences lacked documentation the absences were requested and approved in advance.

- Twenty-two of 60 (37%) timesheets were not completed and submitted to the employee's supervisor timely. Timesheets were submitted from 1 to 152 days late.

- Eight of 60 (13%) timesheets were not approved by the employee's supervisor.

- One of 60 (2%) timesheets was unable to be located.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to maintain a system, or systems of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law. The Office's Employee Handbook (Handbook) requires all employees to complete timesheets on a weekly basis for review by their immediate supervisor. Approved timesheets are to be transmitted to each employee's supervisor for approval by the Wednesday following the last day of each tracking period. The Handbook further requires vacation and equivalent earned time be requested and approved prior to being used.

During testing of the Office's Handbook, we noted the Handbook did not require personal time to be requested and approved prior to being taken.

We tested training records for a sample of employees, noting:

- Fifteen of 15 (100%) employees did not complete the annual cybersecurity training.

2019-003 **FINDING** (Failure to maintain proper controls over personal services functions) (Continued)

- Four of 4 (100%) employees with access to Social Security numbers in the course of performing their job duties were not trained to protect the confidentiality of social security numbers.

The Data Security on State Computers Act (20 ILCS 450/25(b)) requires every employee to annually undergo training by the Department of Innovation and Technology concerning cybersecurity. The Identity Protection Act (5 ILCS 179/37) requires all employees of the State agency identified as having access to Social Security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.

The Office did not maintain supporting documentation for the information reported on the Office's Fiscal Year 2018 Agency Workforce Report (Report). As a result, we were unable to determine the accuracy of the Report.

The State Employment Records Act (Act) (5 ILCS 410/20) requires State agencies to collect, classify, maintain, and report all information required by the Act on a fiscal year basis, including the total number of persons employed within the agency. Agencies shall file, as public information and by January 1st of each year, a copy of all reports required by the Act with the Office of the Secretary of State, and shall submit an annual report to the Governor.

Office management indicated they did not have documentation of the prior administration's practices or priorities to determine an exact cause of non-compliance during that time. Office management indicated, although documentation was not maintained, employees secured approval for absences in advance either verbally or through e-mail. Additionally, the other noted conditions were due to competing priorities and oversight resulting from a turnover of key personnel.

Failure to establish and maintain adequate fiscal and administrative controls over personal services represents noncompliance with laws, rules, and regulations, and resulted in inaccurate payroll expenditures, unnecessary legal risks due to incomplete withholding from an employee's pay, unapproved payroll expenditures, and employees not being fully aware of their ethical obligations under the law. (Finding Code No. 2019-003)

RECOMMENDATION

We recommend the Office establish and maintain fiscal and administrative internal controls over its personal services functions, including:

- Maintaining complete and accurate personnel files, including completed Form I-9, hiring agreements, and authorizations for payroll deductions;

2019-003 **FINDING** (Failure to maintain proper controls over personal services functions) (Continued)

- Maintaining complete, accurate, and detailed documentation of payroll and employees' accrued balances;

- Ensuring documentation of employees' requests and prior approval of time off is completed and maintained;

- Ensuring employees submit and also their supervisor approves employees' timesheets timely;

- Maintaining adequate policies requiring personal time be requested and approved prior to being taken;

- Ensuring all employees timely undergo training on cybersecurity on an annual basis;

- Ensuring all employees with access to Social Security numbers in the course of performing their job duties are trained to protect the confidentiality of Social Security numbers; and,

- Maintaining complete and accurate documentation of information reported on the Agency Workforce Reports.

Additionally, the Office should determine if the recoupment of the payroll overpayments is appropriate.

OFFICE RESPONSE

The Office agrees with the recommendations. The Office has changed the personnel handling the human resources function. As part of that change, the Office has reviewed and revised all procedures and controls over personal services functions. The Office has (1) checked all employee files and taken any steps needed to ensure completeness; (2) retrained employees on the procedures for time-off requests and timekeeping; and (3) updated payroll recordkeeping procedures to include detailed reports regarding calculations and deductions. Additionally, all current employees have completed cybersecurity training and will be required to take this training on an annual basis. The Office has trained all employees with access to Social Security numbers to protect the confidentiality of this information. Finally, the Office is maintaining complete and accurate documentation of the information reported on the Agency Workforce Reports.

2019-004 **FINDING** (Appointments of members to boards, commissions, councils, and committees)

The Office of the Governor (Office) did not make the required appointments to various boards, commissions, councils, and committees to fill vacancies.

Forty of 76 (53%) boards, commissions, councils, and committees tested were considered operational by the Office. During our testing, 20 of 40 (50%) boards, commissions, councils, and committees tested did not have the required number of members as follows:

- Illinois Advisory Council on Alcoholism and Other Drug Abuse- 1 vacancy

The Alcoholism and Other Drug Abuse and Dependency Act (20 ILCS 301/10-15) requires the Governor to appoint 13 members to the Illinois Advisory Council on Alcoholism and Other Drug Dependency.

- Eastern Illinois Economic Development Authority- 1 vacancy

The Eastern Illinois Economic Development Authority Act (70 ILCS 506/15(b)(2)) requires the Governor to appoint 3 members to the Eastern Illinois Economic Development Authority.

- Regulations and Site Remediation Advisory Committee- 4 vacancies

The Environmental Protection Act (415 ILCS 5/58.11(a)) requires the Governor to appoint 10 members to the Regulations and Site Remediation Advisory Committee.

- Illinois DREAM Fund Commission- 8 vacancies

The Higher Education Student Assistance Act (110 ILCS 947/67(a)) requires the Governor to appoint 9 members to the Illinois DREAM Fund Commission.

- Chicago State University Board of Trustees- 1 vacancy

The Chicago State University Law (110 ILCS 660/5-15) requires the Governor to appoint 7 members to the Chicago State University Board of Trustees.

- Advisory Council on the Education of Children with Disabilities- 11 vacancies

The School Code (105 ILCS 5/14-3.01) requires the Governor to appoint 23 members to the Advisory Council on the Education of Children with Disabilities.

2019-004 **FINDING** (Appointments of members to boards, commissions, councils, and committees) (Continued)

- Department of Corrections Advisory Board- 1 vacancy

The Unified Code of Corrections (730 ILCS 5/3-2-6(a)) requires the Governor to appoint 11 members to the Department of Corrections Advisory Board.

- Illinois Holocaust and Genocide Commission- 13 vacancies.

The Illinois Holocaust and Genocide Commission Act (20 ILCS 5010/10(a) (1)) requires the Governor to appoint 19 members, one of which shall be a student, to the Illinois Holocaust and Genocide Commission

- Health Facilities and Services Review Board- 4 vacancies

The Illinois Health Facilities Planning Act (20 ILCS 3960/4(b) and (c)) requires the Governor to appoint 9 members to the Health Facilities and Services Review Board.

- State Trauma Advisory Council- 4 vacancies. In addition, two of the four (50%) appointed members were not appointed to a three-year term.

The Emergency Medical Services (EMS) Systems Act (210 ILCS 50/3.205(b)) requires the Governor to appoint 8 members to the State Trauma Advisory Council. Members shall be appointed for a term of 3 years.

- African American Employment Plan Advisory Council- 4 vacancies

The African American Employment Plan Act (20 ILCS 30/25) requires the Governor to appoint 11 members to the African American Employment Plan Advisory Council.

- Illinois Affordable Housing Advisory Commission- 4 vacancies. Additionally, the Office could not provide documentation to determine whether one member of the Illinois Affordable Housing Advisory Commission was appointed with the advice and consent of the Senate.

The Illinois Affordable Housing Act (310 ILCS 65/6(a)) requires the Governor to appoint 11 members to the Illinois Affordable Housing Advisory Commission, with the advice and consent of the Senate.

- Upper Illinois River Valley Development Authority- 1 vacancy

The Upper Illinois River Valley Development Authority Act (70 ILCS 530/4(b)) requires the Governor to appoint 10 members to the Upper Illinois River Valley Development Authority.

2019-004 **FINDING** (Appointments of members to boards, commissions, councils, and committees) (Continued)

- Rare Disease Commission- 2 vacancies

The Rare Disease Commission Act (410 ILCS 445/10) requires the Governor to appoint 11 members to the Rare Disease Commission.

- Public Administrator and Public Guardians- 22 vacancies.

The Probate Act of 1975 (755 ILCS 5/13-1) requires the Governor to appoint in each county a suitable person to serve as a public administrator and a suitable person to serve as public guardian of the county. The Governor may appoint the same person to serve as a public guardian and public administrator in one or more counties.

- State Board of Health- 12 vacancies.

The Civil Administrative Code of Illinois (General Provisions and Departments of State Government) (20 ILCS 5/5-565(a)) requires the Governor to appoint 20 members to the State Board of Health.

- Illinois Torture Inquiry and Relief Commission- 1 vacancy

The Illinois Torture Inquiry and Relief Commission Act (775 ILCS 40/20(a)) requires the Governor to appoint 8 members to the Illinois Torture Inquiry and Relief Commission.

- Worker’s Compensation Advisory Board- 1 vacancy

The Worker’s Compensation Act (820 ILCS 305/13.1) requires the Governor to appoint 12 members to the Worker’s Compensation Advisory Board.

- Commission Review Board- 2 vacancies

The Worker’s Compensation Act (820 ILCS 305/14.1) requires the Governor to appoint 2 members who are not commissioners, Arbitrators, or employees of the Illinois Worker’s Compensation Commission to the Commission Review Board.

- State Employees Retirement System Board- 3 vacancies

The Pension Code (40 ILCS 5/14-134) requires the Governor to appoint 6 members to the State Employees Retirement System Board.

2019-004 **FINDING** (Appointments of members to boards, commissions, councils, and committees) (Continued)

Office management indicated they use their best efforts to appoint qualified members to boards and commissions but, in some cases, vacancies can occur before a qualified appointee can be identified. Additionally, vacancies can occur in which the Office is not notified and therefore they are unaware of vacancies. The Office determined this to be the cause in the prior examination as well.

Failure to appoint members to boards, commissions, councils, and committees may prevent the board, committee, council, or commissions from carrying out their mandated duties. (Finding Code No. 2019-004, 2017-002, 2015-002, 2013-002, 11-2, 09-3, 07-2)

RECOMMENDATION

We recommend the Office appoint qualified members to the boards, commissions, councils, and committees as required by the Acts and fill vacancies in a timely manner or seek a legislative remedy.

OFFICE RESPONSE

The Office agrees with the recommendation. We are working diligently to appoint qualified members to boards, commissions, councils, and committees in a timely manner. In addition, the Office is conducting a review of the more than 700 boards and commissions operating throughout state government to identify those that are duplicative, outdated, and dormant and will seek legislation to eliminate these boards and commissions as appropriate.

2019-005 **FINDING** (Non-compliance with statutorily mandated responsibilities)

The Office of the Governor (Office) did not comply with certain provisions of statutory mandates.

During our testing, we noted:

- The Violence Prevention Task Force did not prepare and submit to the Governor, a report of its activities for Fiscal Year 2018 and 2019.

The Violence Prevention Task Force Act (20 ILCS 4028/15) requires the Violence Prevention Task Force to report to the Governor and General Assembly, by December 1 of each year, its activities for the previous year.

- The Office could not provide documentation whether the Illinois Plain Language Task Force met not less than once each quarter, and could not provide documentation that a report of findings was submitted to the Illinois General Assembly no later than May 31, 2019.

The Illinois Plain Language Task Force Act (20 ILCS 4090) states the task force shall meet not less than once each quarter. An initial report delineating the task force's findings, conclusions, and recommendations shall be submitted to the Illinois General Assembly no later than May 31, 2019, unless such initial report had already been submitted.

The report to the General Assembly shall be filed with the Clerk of the House of Representatives and the Secretary of the Senate in electronic form only, in the manner that the Clerk and the Secretary shall direct.

- The Office could not provide documentation to determine whether any of the members of the African American Employment Plan Advisory Council were African American subject matter experts.

The African American Employment Plan Act (20 ILCS 30/25) requires the Governor to appoint 11 members to the Council, each of whom shall be an African American subject matter expert.

- The Office could not provide documentation to determine whether an annual report and annual audit were filed with any public agency providing funds to the Local Food, Farms, and Jobs Council (Council) and made available to the public.

The Local Food, Farms, and Jobs Act (30 ILCS 595/25(f)) requires both an annual report and annual audit to be filed with any public agency providing funds to the Council and be made available to the public.

2019-005 **FINDING** (Non-compliance with statutorily mandated responsibilities) (Continued)

- The Office could not provide documentation to determine whether qualifications of members appointed by the Governor to the Upper Illinois River Valley Development Authority are in accordance with the statute and whether the members are appointed with the advice and consent of the Senate.

The Upper Illinois River Valley Development Authority Act (70 ILCS 530/4) requires the Governor to appoint 10 members to the Upper Illinois River Valley Development Authority, with the advice and consent of the Senate. Members shall reside within the territorial jurisdiction of the Act and shall be persons of recognized ability and experience in one or more of the following areas: economic development, finance, banking, industrial development, small business management, real estate development, community development, venture finance, organized labor or civic, community or neighborhood organization.

- The Office could not provide documentation to determine whether qualifications of members appointed by the Governor to the Western Illinois Economic Development Authority are in accordance with the statute and whether the members are appointed with the advice and consent of the Senate.

The Western Illinois Economic Development Authority Act (70 ILCS 532/20(b)) requires the Governor to appoint 6 members to the Western Illinois Economic Development Authority, with the advice and consent of the Senate. All public members shall reside within the territorial jurisdiction of the Authority. The public members shall be persons of recognized ability and experience in one or more of the following areas: economic development, finance, banking, industrial development, state or local government, commercial agriculture, small business management, real estate development, community development, venture finance, organized labor, or civic or community organization.

Office management indicated inadequate recordkeeping from the prior administration has resulted in the current administration being unable to locate certain records to support compliance with the various mandated statutes. The Office determined similar circumstances to be the cause in the prior examination as well.

Failure to perform mandated responsibilities prevents the Office from effectively serving the people of the State. (Finding Code No. 2019-005, 2017-003, 2015-003, 2013-003, 11-4, 09-5, 07-5)

RECOMMENDATION

We recommend the Office comply with statutory requirements or seek legislative remedy.

2019-005 **FINDING** (Non-compliance with statutorily mandated responsibilities) (Continued)

OFFICE RESPONSE

The Office agrees with the recommendation. The Office complies with hundreds of statutory mandates. As we continue this work, the Office also will maintain documentation to demonstrate compliance with statutory mandates. Additionally, the Office is undertaking efforts to review its statutory mandates to identify those that need to be updated and will seek legislative action as part of its review.

2019-006 **FINDING** (Inadequate controls over receipts processing)

The Office of the Governor (Office) did not maintain adequate controls over receipts processing.

Due to the following process and control deficiencies identified below and as noted in Finding 2019-001, we were unable to conclude whether the Office's population records were sufficiently precise and detailed under the Attestation standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Office's control over receipts. In addition, due to these limitations, we were unable to conclude the Office's Comparative Schedule of Cash Receipts and Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller on page 58 was complete and accurate.

Even given the population limitations noted above which hindered our ability to conclude whether selected samples were representative of the population as a whole, we performed the following tests:

During testing of receipts, we noted:

- The Office did not maintain a detailed itemized account of all moneys received during Fiscal Years 2018 and 2019; specifically, the account omitted the dates of receipt and payor information. The Office receipt records indicated total receipts of $36 and $13,171 for Fiscal Year 2018 and 2019, respectively.

- Five of 5 (100%) receipts, totaling $5,409, did not have adequate documentation to demonstrate monies received were deposited timely.

- One State Treasurer's draft, totaling $7,796, was remitted to the State Comptroller via a Form C-64 249 days after the Office received the State Treasurer's draft.

The State Officers and Employee Money Disposition Act (30 ILCS 230/2) requires every agency maintain in proper books a detailed itemized account of all moneys received for or on behalf of the State of Illinois, showing the date of receipt, the payor, and purpose and amount, and the date and manner of disbursement. All monies shall be paid into the State treasury the gross amount of money so received on the day of actual physical receipt with respect to any single item of receipt exceeding $10,000, within 24 hours of actual physical receipt with respect to an accumulation of receipts of $10,000 or more, or within 48 hours of actual physical receipt with respect to an accumulation of receipts exceeding $500 but less than $10,000, disregarding holidays, Saturdays and Sundays, after the receipt of same, without any deduction on account of salaries, fees, costs, charges, expenses or claims of any description whatever. The State Records Act (5 ILCS 160/8) requires the head of each agency to preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

2019-006 **FINDING** (Inadequate controls over receipts processing) (Continued)

The Statewide Accounting Management System (SAMS) (Procedure 25.20.10) requires the Office prepare a Form C-64 with either a State Treasurer's draft or other acceptable remittance to order moneys deposited into the State Treasury. Good cash management controls include expediting the deposit of cash receipts into the State Treasury to speed the payment of State obligations.

Office management indicated the itemized account and inadequate documentation issues were due to competing priorities and limited resources which caused staff failing to retain detailed documentation to demonstrate when checks were received and to include the date on the itemized account of moneys received. Also, Office management indicated the untimely remittance of the State Treasurer draft was due to a lack of understanding of how to process the remittance. During the previous examination, Office management indicated the issues were due to turnover in personnel handling receipt records and transactions.

Failure to maintain itemized records of receipts including information such as the date of receipt, payor, purpose, and amount may result in receipts not being properly accounted for, and difficulty in performing receipts reconciliations. Failure to maintain adequate records and proper documentation is noncompliance with the State Records Act and may limit the ability of the Office to provide support for its operations and make records available to the public, if requested, in accordance with the Act. Failure to timely submit Treasurer drafts delays the recognition of available cash within the State Treasury and could delay the payment of State obligations. (Finding Code No. 2019-006, 2017-007)

RECOMMENDATION

We recommend the Office maintain detailed itemized records of its receipts and supporting documentation. We also recommend the Office deposit receipts timely in accordance with the State Officers and Employees Money Disposition Act and SAMS.

OFFICE RESPONSE

The Office agrees with the recommendation and has hired a new Director of Fiscal Operations to ensure compliance with this recommendation. Through her work, the Office has put in place additional procedures and controls to ensure that detailed, itemized records are kept and deposits are made in a timely manner.

2019-007 **FINDING** (Voucher processing weaknesses)

The Office of the Governor (Office) did not exercise adequate control over voucher processing.

During our testing of a sample of 60 vouchers, we noted:

- Sixteen (27%) vouchers, totaling $27,173, were approved from 4 to 163 days late.

- Fourteen (23%) vouchers, totaling $270,514, did not have documentation of the "received date" by the Office. In these cases, the invoice and billing dates were used to determine timely approval and payment. Twelve (86%) vouchers, totaling $263,734, were approved from 15 to 650 days late. The remaining 2 vouchers, totaling $6,780, were approved timely.

- Two (3%) vouchers tested, totaling $2,872, lacked documentation supporting the Agency Head approval date. Therefore, we were unable to determine if the voucher was approved within 30 days.

- Fourteen (23%) vouchers tested, totaling $63,133, had required interest penalties, totaling $1,098, which were not accrued and paid by the Office at the end of the fiscal year.

The State Prompt Payment Act (Act) (30 ILCS 540/3-2(2)) requires agencies to accrue interest penalties in amounts greater than $5 and less than $50 until all interest due to the vendor exceeds $50, except interest accrued as of the end of the fiscal year that does not exceed $50 shall be payable at fiscal year-end. Additionally, the Illinois Administrative Code (Code) (74 Ill. Adm. Code 900.70) requires the Office to review a bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after physical receipt of the bill. The Code (Ill. Adm. Code 900.30) also requires the Office to maintain written or electronic records reflecting the date or dates on which the proper bill was received and approval for payment of the bill was made.

Furthermore, the Statewide Accounting Management System (SAMS) (Procedure 17.20.45) states it is the responsibility of the Office to develop and implement internal procedures that will permit full compliance with the provisions of the Act and the rules jointly promulgated by the State Comptroller and the Department of Central Management Services to govern the uniform application of the Act.

Office management indicated the issues were due to competing priorities and limited resources. During the previous examination, Office personnel stated they were unaware they needed to accrue interest penalties at the end of the fiscal year.

2019-007 **FINDING** (Voucher processing weaknesses) (Continued)

Failure to review and approve proper bills within 30 days resulted in noncompliance with the Code and caused the Office to pay interest penalties. Inadequate documentation of invoice receipts result in noncompliance with the Code and may result in unnecessary interest charges. Failure to pay interest charges is noncompliance with the Act and SAMS. (Finding Code No. 2019-007, 2017-005)

RECOMMENDATION

We recommend the Office strengthen their controls to ensure vouchers are approved and paid within the required time frame and the required interest is paid. Further, we recommend the Office review its procedures for calculating required interest penalties and accrue and pay penalties in accordance with the State Prompt Payment Act.

OFFICE RESPONSE

The Office agrees with the recommendation. As part of the work of the Office's new Director of Fiscal Operations, the Office has strengthened controls for timely voucher processing, maintaining documentation, and handling the payment of prompt payment interest when required.

2019-008 **FINDING** (Inadequate controls over travel expenditures)

The Office of the Governor (Office) did not exercise adequate controls over travel expenditures.

During our testing of a sample of 23 travel vouchers, we noted:

- Six (26%) travel vouchers, totaling $4,598, did not properly indicate the times of travel and the points of departure and arrival on the travel voucher.

- Three (13%) travel vouchers, totaling $2,766, were for out-of-state travel and were not submitted to the Governor's Office of Management and Budget for approval 30 days prior to the travel.

- Four (17%) travel vouchers, totaling $4,604, were submitted between 59 to 121 days late.

- One (4%) travel voucher, totaling $1,658 was not mathematically correct. The travel voucher claimed a total of $5 in excess of actual expenses.

- One (4%) travel voucher, totaling $1,213 lacked supporting documentation for a $125 hotel stay.

In addition, we noted 8 of 25 (32%) employees tested did not comply with the Office's policy requiring employees which utilized private vehicles for State business complete the certification of official headquarters, residence, and motor vehicle insurance form as part of the new hire onboarding paperwork. This form certifies that the employee is duly licensed and carries the minimum insurance coverage.

The Illinois Administrative Code (80 Ill. Adm. Code 2800.240 (b)) states, when applicable, the travel voucher shall show in the space provided the dates and times of travel, the points of departure and destination, the mode of transportation secured, lodging, meals per diem and other expenses. The Governor's Travel Control Board Rules (80 Ill. Adm. Code 2800.700(b) require travel outside of Illinois be approved by the Governor's Office of Management and Budget prior to travel. All requests shall be submitted to the Governor's Office of Management and Budget's on-line travel system (eTravel) at least 30 days in advance of the departure date. In addition, the Internal Revenue Service (IRS) Publication 535, *Business Expenses*, requires employee travel expense reimbursements to be considered taxable wages if the travel expenses are not submitted within a reasonable period, usually within 60 days of the expense being incurred.

2019-008 **FINDING** (Inadequate controls over travel expenditures) (Continued)

Additionally, the Illinois Administrative Code (80 Ill. Adm. Code 3000.300 (f) (1)) states employees using private vehicles on State business must have insurance coverage in an amount not less than that required by the Illinois Vehicle Code. Prior to that authorization, the Agency Head shall require employees to file a statement certifying that they are duly licensed and carry at least the minimum insurance coverage or shall require that certification to be noted on the travel voucher. The Employee Handbook, New Hires Procedures, requires new hires to complete onboarding paperwork, which includes the certification of official headquarters, residence, and motor vehicle insurance. The Employee Handbook, Travel Policy for Employees, also requires employees to submit travel vouchers on, at least, a monthly basis and submitted within 30 days of travel.

Office management indicated the travel voucher errors were due to oversight. Also, Office management indicated, as they did in the prior year, the traveler did not provide the required information on the travel vouchers and the out-of-state travel requests were not submitted to the Office of Management and Budget because the travels were not initially planned and had to be made at a short notice to the travelers to ensure Office representation at the events. In addition, the certification of official headquarters, residence, and motor vehicle insurance forms that were not on file for some employees was due to competing priorities and limited resources.

Failure to include the times of travel and specific points of departure and arrival information may result in the Office's inability to verify the reasonableness of per diem and mileage reimbursements. Failure to submit out-of-state travel requests does not provide the Governor's Travel Control Board an opportunity to review the need and appropriateness of the travel. Failure to submit travel vouchers in a timely manner is noncompliance with the Office's Employee Handbook and may result in reporting travel reimbursements as taxable employee wages. Failure to ensure travel vouchers paid are mathematically correct results in inaccurate State expenditures. Failure to ensure all employees using private vehicles for State business are properly licensed and insured may result in serious legal penalties to the State. (Finding Code No. 2019-008, 2017-006)

RECOMMENDATION

We recommend the Office review its travel vouchers to ensure travelers provide complete and accurate travel information. We also recommend the Office submit out-of-state travel requests in compliance with the Illinois Administrative Code. Further, we recommend the Office ensure insurance certifications are obtained from employees in accordance with its policy.

2019-008 **FINDING** (Inadequate controls over travel expenditures) (Continued)

OFFICE RESPONSE

The Office agrees with the recommendation and has made sure that the new Director of Fiscal Operations has reviewed and modified as needed all controls and procedures regarding travel expenditures. The Office also has retrained travelers on the correct procedures for reporting and submitting travel vouchers. The Office is currently developing checklists to provide additional assistance to processors and approvers in ensuring completeness and verifying the accuracy of travel vouchers. Further, the Office has reviewed and updated its onboarding paperwork to ensure that all employees submit insurance certifications.

2019-009 **FINDING** (Inadequate controls over monthly reconciliations)

The Office of the Governor (Office) did not have adequate controls over monthly appropriation, cash receipt, and cash balance reconciliations.

During testing of Fiscal Year 2019 and 2018 reconciliations between the Office of the Comptroller (Comptroller) records and the Office's records, we noted:

- Two of 7 (29%) Monthly Appropriation Status Reports (SB01) reconciliations were not prepared within 60 days. Reconciliations were prepared 56 to 148 days late.
- One of 7 (14%) SB01 reconciliation was not prepared.
- Five of 7 (71%) SB01 reconciliations were inaccurate, whereby outstanding vouchers recorded on the Office's records were not identified.
- One of 7 (14%) SB01 reconciliation did not include documentation of a review by an independent person.
- Six of 6 (100%) Monthly Revenue Status Reports (SB04) reconciliations lacked documentation of the deposits-in-transit recorded on the Office's records.
- One of 6 (17%) SB04 reconciliation was not prepared within 60 days. The reconciliation was prepared 25 days late.
- One of 6 (17%) SB04 reconciliation did not include documentation of a review by an independent person.
- Six of 6 (100%) Cash Reports (SB05) reconciliations were not completed.

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 and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and revenues are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State's resources. The Statewide Accounting Management System (SAMS) (Procedure 11.40.20) requires the Office to perform monthly reconciliations of the unexpended appropriation balance from Office records to the records of the Comptroller within 60 days of month end. SAMS (Procedure 25.40.20) also requires the Office to perform monthly reconciliations of revenues from Office records to the records of the Comptroller within 60 days of month end. Further, SAMS (Procedure 09.40.10) requires the Office to perform monthly reconciliations of Office cash records to the records of the Comptroller.

2019-009 **FINDING** (Inadequate controls over monthly reconciliations) (Continued)

Office management indicated the untimely preparation and lack of documentation of the reconciliations were due to competing priorities and limited resources.

By not performing and properly documenting monthly reconciliations of appropriations, cash receipts, and cash balance increases the risk errors or irregularities will go undetected and not be corrected in a timely manner. (Finding Code No. 2019-009)

RECOMMENDATION

We recommend the Office implement adequate controls and maintain documentation demonstrating the appropriation, cash receipt, and cash report reconciliations are all performed and reviewed in a timely manner.

OFFICE RESPONSE

The Office agrees with the recommendation. Through the work of the new Director of Fiscal Operations, the Office's reconciliations are now up to date and will continue to be performed and reviewed on a timely basis.

2019-010 **FINDING** (Interagency agreements)

The Office of the Governor (Office) did not have adequate controls over interagency agreements.

During our testing of 10 interagency agreements, we noted:

- Four (40%) interagency agreements were not signed by all the required parties on or prior to the effective date of the agreement. The agreements were signed 8 to 363 days after the effective date.

- Five (50%) interagency agreements were amended; however, the amendments were not signed by all parties prior to the effective date of the amendment. The amendments were signed 15 to 270 days after the effective date.

The Intergovernmental Cooperation Act (5 ILCS 220/5) (Act) states any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity or undertaking or to combine, transfer, or exercise any powers, functions, privileges, or authority which any of the public agencies entering into the contract is authorized by law to perform, provided that such contract shall be approved by the governing bodies of each party to the contract and except where specifically and expressly prohibited by law. Such contract shall set forth fully the purposes, powers, rights, objectives and responsibilities of the contracting parties.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively and in compliance with applicable law. Good internal controls require the approval of agreements, including any amendments to those agreements, prior to the effective dates.

Office management indicated that formal written execution of interagency agreements by the numerous parties prior to the effective date was sometimes delayed by other priorities. During the previous examination, Office management indicated agreements between the Office and agencies that report to the Office are legally effective as of their stated effective dates regardless of the date next to the signature.

Failure to approve interagency agreements prior to the effective date prevents all parties from timely assessing whether the agreements are reasonable and appropriate and could result in each party's responsibilities not being documented in a timely manner. Failure to enter into an amended agreement may prevent the Office from protecting its legal rights under the interagency agreement. (Finding Code No. 2019-010, 2017-004, 2015-004, 2013-004, 11-3, 09-4, 07-3)

2019-010 **FINDING** (Interagency agreements) (Continued)

RECOMMENDATION

We recommend the Office ensure each interagency agreement is signed by the parties prior to the effective date. Further, we recommend the Office monitor timely receipt of signed amendments from other agencies to ensure both parties are bound to the changes in the interagency agreement.

OFFICE RESPONSE

The Office agrees with the recommendation and has taken action addressing this finding. Since January 2019, the Office has drastically reduced the number of interagency agreements. The Office will make every effort to ensure our staff signs interagency agreements prior to the effective date and the other agency has sufficient time to sign prior to the effective date.

2019-011 **FINDING** (Failure to enter into an intergovernmental agreement)

The Office of the Governor (Office) failed to enter into an intergovernmental agreement with the Department of Central Management Services (CMS) for vehicle usage.

The CMS Vehicle Usage Program states, effective in Fiscal Year 2013, the CMS Division of Vehicles will charge agencies quarterly usage fees for their use of new and existing passenger vehicles in fleets as a means to enable replacement of necessary vehicles before they become a cost burden on the State to repair. During the examination period, the Office utilized eleven vehicles owned by CMS; however, the Office was not charged a usage fee. The Office was unable to provide an intergovernmental agreement with CMS stating they would not be billed for the usage.

The Intergovernmental Cooperation Act (5 ILCS 220/5) (Act) states any one or more public agencies may contract with any one or more other public agencies to perform any governmental service, activity or undertaking or to combine, transfer, or exercise any powers, functions, privileges, or authority which any of the public agencies entering into the contract is authorized by law to perform, provided that such contract shall be approved by the governing bodies of each party to the contract and except where specifically and expressly prohibited by law. Such contract shall set forth fully the purposes, powers, rights, objectives and responsibilities of the contracting parties. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively and in compliance with applicable law.

Office management indicated they were unaware of the requirements to pay CMS or obtain an agreement.

Failure to enter into formal intergovernmental agreements for resources of other State agencies misstates the costs of each Agency and could affect the budget process. (Finding Code No. 2019-011)

RECOMMENDATION

We recommend the Office enter into an intergovernmental agreement with CMS or make payment to CMS for the usage of the vehicles.

OFFICE RESPONSE

The Office agrees with the recommendation and is taking steps to finalize an intergovernmental agreement with the Department of Central Management Services.

2019-012 **FINDING** (Failure to make appointments to entities considered non-operational and noncompliance with statutorily mandated responsibilities)

The Office of the Governor (Office) did not make the required appointments to non-operational boards, commissions, councils, and committees. In addition, the Office did not comply with certain provisions of statutory mandates.

Thirty-three of 76 (43%) boards, commissions, councils, and committees tested were considered non-operational by the Office. During our testing, we noted:

- The Office did not make appointments to fill vacancies for 21 of 33 (64%) boards, commissions, councils, and committees as follows:

  - Illinois Plain Language Task Force
  - Weatherization Initiative Board
  - Illinois Single Audit Commission
  - McCormick Place Advisory Board
  - Commission on Discrimination and Hate Crimes
  - Family Support Center Council
  - Hospital Basic Services Review Board
  - Illinois Valley Regional Port District Board
  - Elmwood Park Grade Separation Authority
  - Offshore Wind Energy Economic Development Policy Task Force
  - Illinois Coal Development Board
  - Southwest Suburban Railroad Redevelopment Authority
  - Downstate Illinois Sports Facilities Authority Board
  - Physician Assistant Advisory Committee
  - African American HIV/AIDS Response Officer
  - Women's Business Ownership Council
  - Advisory Commission on Pension Benefit
  - General Assembly Retirement System Board
  - Social Security Number Protection Task Force
  - Local Food, Farms, and Jobs Council
  - Health Care Worker Background Check Act

The Illinois Plain Language Task Force Act (20 ILCS 4090/15(a)) requires the Governor to appoint 3 members to the Illinois Plain Language Task Force.

The Urban Weatherization Act (30 ILCS 738/40-40(b)) requires the Governor to appoint 5 members to the Weatherization Initiative Board.

The Illinois Grant Funds Recovery Act (30 ILCS 705/15.1) requires the Governor to appoint a representative to the Illinois Single Audit Commission from each of the following grant-making agencies who is an expert in grants subject matter: Department of Aging; Department of Children and Family Services; Department of Healthcare and

2019-012 **FINDING** (Failure to make appointments to entities considered non-operational and noncompliance with statutorily mandated responsibilities) (Continued)

Family Services; Department of Human Services; Department of Public Health; Criminal Justice Information Authority; Department of Commerce and Economic Opportunity; Department of Transportation; Illinois State Board of Education; Illinois Student Assistance Commission; Department of Agriculture; Environmental Protection Agency; and Department of Natural Resources. The Act also requires the Governor to appoint a representative of the Governor's Office of Management and Budget, and four members of the Assembly: one from the House of Representatives Democratic Caucus, one from the House of Representatives Republican Caucus, one from the Senate Democratic Caucus, and one from the Senate Republican Caucus. The Act was repealed on July 1, 2019.

The Metropolitan Pier and Exposition Authority Act (70 ILCS 210/23.1(f)) requires the Governor to appoint 2 members to the McCormick Place Advisory Board.

The Commission on Discrimination and Hate Crimes Act (20 ILCS 4070/10(a)) requires the Governor to appoint a chairperson and 20 members to the Commission on Discrimination and Hate Crimes.

The Family Support Demonstration Project (325 ILCS 30/6) requires the Governor to appoint members to the Family Support Center Council for the purpose of planning and implementing the establishment and development of a family support center.

The Hospital Basic Services Preservation Act (20 ILCS 4050/7(b)) requires the Governor to appoint 1 member to the Hospital Basic Services Review Board.

The Illinois Valley Regional Port District Act (70 ILCS 1815/31) requires the governor to appoint 2 members to the Illinois Valley Regional Port District Board.

The Elmwood Park Grade Separation Authority Act (70 ILCS 1935/50) requires the Governor to appoint 9 members to the Elmwood Park Grade Separation Authority.

The Lake Michigan Wind Energy Act (20 ILCS 896/20(c)) requires the Governor to appoint 16 members to the Offshore Wind Energy Economic Development Policy Task Force.

The Energy Conservation and Coal Development Act (20 ILCS 1105/8) requires the Governor to appoint 8 members to the Illinois Coal Development Board.

The Southwest Suburban Railroad Redevelopment Authority Act (70 ILCS 1930/35) requires the Governor to appoint 5 members to the Southwest Suburban Railroad Redevelopment Authority.

2019-012 **FINDING** (Failure to make appointments to entities considered non-operational and noncompliance with statutorily mandated responsibilities) (Continued)

The Downstate Illinois Sports Facilities Authority Act (70 ILCS 3210/15) requires the Governor to appoint 8 members to the Downstate Illinois Sports Facilities Authority Board.

The Physician Assistant Practice Act of 1987 (225 ILCS 95/11) requires the Governor to appoint 4 members and approve 1 member to the Physician Assistant Advisory Committee. No member shall serve more than 2 consecutive terms.

The African-American HIV/AIDS Response Act (410 ILCS 303/10) requires the Governor to have a designated African-American HIV/AIDS Response Officer appointed.

The Women's Business Ownership Act of 2015 (20 ILCS 5060/5) requires the Governor to appoint 5 members to the Women's Business Ownership Council. Appointed members shall be uniquely qualified by education, professional knowledge, or experience to serve on the Council and shall reflect the ethnic, cultural, and geographic diversity of the State. Of the 9 members, at least 5 shall be women business owners.

The Pension Code (40 ILCS 5/1A-201) requires the Governor to appoint 8 persons to the Advisory Commission on Pension Benefits. Four of the persons appointed by the Governor shall represent different statewide labor organizations of which 2 shall be organizations that represent primarily teachers and 2 shall be organizations that represent primarily State employees other than teachers.

The Pension Code (40 ILCS 5/2-128) requires the Governor to appoint a Board member in the event of a vacancy of the General Assembly Retirement System Board during the interim recess of the General Assembly for the unexpired term.

The Social Security Number Protection Task Force Act (20 ILCS 4040/10) requires the Governor to appoint 1 member to the Social Security Number Protection Task Force.

The Local Food, Farms, and Jobs Act (30 ILCS 595/25(a) and (b)) requires the Governor to appoint 15 members to the Local Food, Farms, and Jobs Council. The 15 non-state governmental board members shall be appointed by the Governor to 3-year staggered terms as determined by the Governor. Vacancies shall be filled by the Governor.

The Health Care Worker Background Check Act (225 ILCS 46/40.1) requires the Office to establish a working group regarding the activities under the Act to evaluate and monitor the success of health care waivers in creating job opportunity for people with criminal records and to identify and recommend changes to the waiver application and implementation process to reduce barriers for applicants or employees.

2019-012 **FINDING** (Failure to make appointments to entities considered non-operational and noncompliance with statutorily mandated responsibilities) (Continued)

- The Office did not make the required number of appointments to 5 of 33 (15%) boards, commissions, councils, and committees tested to fill vacancies as follows:

    - 21st Century Workforce Development Fund Advisory Committee- 1 vacancy. Additionally, 9 of 10 (90%) are serving on expired terms.
    - Mt. Carmel Regional Port District Board- 1 vacancy
    - Advisory Council on Youth HIV/AIDS Prevention Messages- 1 vacancy
    - Smart Grid Advisory Council- 1 vacancy
    - Teacher's Retirement Insurance Program Committee- 3 vacancies

The Illinois Emergency Employment Development Act (20 ILCS 630/11(d)) requires the Governor to appoint 11 members to the 21st Century Workforce Development Fund Advisory Committee. In addition, the Illinois Emergency Employment Development Act (20 ILCS 630/11(f)) states that appointees under subsection (d) shall serve a 2-year term and are eligible to be reappointed one time.

The Mt. Carmel Regional Port District Act (70 ILCS 1835/21) requires the Governor to appoint 7 members to the Mt. Carmel Regional Port District Board.

The Civil Administrative Code of Illinois (20 ILCS 2310/2310-323) requires the Governor to appoint 5 members to the Advisory Council on Youth HIV/AIDS Prevention Messages.

The Public Utilities Act (220 ILCS 5/16-108.6(b)) requires the Governor to appoint 5 members to the Smart Grid Advisory Council.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5(g-5)) requires the Governor to appoint 10 members to the Teacher Retirement Insurance Program Committee.

- Seven of 33 (21%) of boards, commissions, councils, and committees tested were not created, thus no members were appointed for:

    - Metro East Solid Waste Disposal and Energy Producing Service
    - Minority Males Task Force
    - South Suburban Brownfields Advisory Council
    - Springfield High Speed Railroad Community Advisory Commission
    - Medical Cannabis Advisory Board
    - Advisory Board on Necropsy Service to Coroners
    - Dixon Railroad Relocation Authority

2019-012 **FINDING** (Failure to make appointments to entities considered non-operational and noncompliance with statutorily mandated responsibilities) (Continued)

The Metro East Solid Waste Disposal and Energy Producing Service Act (70 ILCS 3110/5) requires the Governor to appoint 1 member from each of the participating municipalities to the Metro East Solid Waste Disposal and Energy Producing Service.

The Minority Males Act (20 ILCS 4000/3) requires the Governor to appoint 5 members to the Minority Males Task Force.

The Brownfields Redevelopment and Intermodal Promotion Act (20 ILCS 607/3-30(a)) requires the Governor to appoint 2 members to the South Suburban Brownfields Advisory Council.

The Springfield High Speed Railroad Community Advisory Act (610 ILCS 135/10) requires the Governor to appoint 1 member to the Springfield High Speed Railroad Community Advisory Commission.

The Compassionate Use of Medical Cannabis Pilot Program Act (410 ILCS 130/45(g) and (h)) requires the Governor to appoint 16 members to the Medical Cannabis Advisory Board.

The Civil Administrative Code of Illinois (General Provisions and Departments of State Government) (20 ILCS 5/5-565(c)) requires the Governor to appoint 11 members to the Advisory Board on Necropsy Service to Coroners.

The Dixon Railroad Relocation Authority Law (70 ILCS 1925/5-45) requires the Governor to appoint 5 members to the Dixon Railroad Relocation Authority.

- The Office did not comply with provisions of certain statutory mandates, which included the following:
    - The Governor has not established a Health Care Worker Registry working group to lead the activities under the Health Care Worker Background Check Act.

The Health Care Worker Background Check Act (225 ILCS 46/40.1) requires the Office to establish a working group regarding the activities under the Act to evaluate and monitor the success of health care waivers in creating job opportunity for people with criminal records and to identify and recommend changes to the waiver application and implementation process to reduce barriers for applicants and employees.

2019-012 **FINDING** (Failure to make appointments to entities considered non-operational and noncompliance with statutorily mandated responsibilities) (Continued)

- The Office could not provide documentation demonstrating the Teacher Retirement Insurance Program Committee convened at least 4 times a year to make recommendations on issues affecting the program of health benefits and adjustments to the funding sources if the Teacher Health Insurance Security Fund experienced a deficit balance.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.5(g-5)) requires that the Teacher Retirement Insurance Program Committee shall convene at least 4 times each year, and shall consider and make recommendations on issues affecting the program of health benefits provided under this Act. If the Teacher Health Insurance Security Fund experiences a deficit balance based upon the contribution and subsidy rates established, the Committee shall make recommendations for adjustments to the funding sources established under this Act.

- The Office could not provide documentation the Governor designated one State agency representative and one other non-governmental member as co-chairs of the State Health Improvement Plan (SHIP) Implementation Coordination Council.

The Civil Administrative Code of Illinois (General Provisions and Departments of State Government) (Code) (20 ILCS 5/5-565(a)) requires the Governor to appoint 20 members to the State Board of Health. In addition, the Code (20 ILCS 5/5-565(a10)) requires the Governor to designate one State agency representative and one other non-governmental member as co-chairs of the SHIP Implementation Coordination Council.

Office management indicated they use their best efforts to appoint qualified members to boards and commissions, but in some cases, vacancies occur before a qualified appointee can be identified. Further, some vacancies occur and are not communicated to the Office by the contact at the board or commission. Finally, because these boards are currently non-operational, they have not been prioritized over boards that are deemed operational with vacancies.

Each of the entities noted above is statutorily mandated to perform a function. Failure to appoint members prevents the boards, commissions, councils and committees from carrying out their mandated duties. Failure to perform mandated responsibilities prevents the Office from effectively serving the people of the State. (Finding Code No. 2019-012)

2019-012 **FINDING** (Failure to make appointments to entities considered non-operational and noncompliance with statutorily mandated responsibilities) (Continued)

RECOMMENDATION

We recommend the Office comply with the required appointments to these boards, commission, councils and committees and comply with statutory requirements or seek a legislative remedy.

OFFICE RESPONSE

The Office agrees with the recommendation. The Office has worked diligently to appoint qualified members to boards, commissions, councils, and committees in a timely manner. In addition, the Office is conducting a review of the more than 700 boards and commissions operating throughout state government to identify those that are duplicative, outdated, and dormant and will seek legislation to eliminate those entities as appropriate.

2019-013 **FINDING** (Failure to implement provision of the Identity Protection Act)

The Office of the Governor (Office) failed to implement the provisions of the Identity Protection Act (Act).

During testing, we noted the Office had not implemented an identity protection policy. Further, we noted the Office did not have policies and procedures in place for tracking items with confidential, sensitive, or personally-identifiable information, including protecting data from initial acquisition until disposal on both State-owned and State-used media.

The Act (5 ILCS 179/37) requires the Office to draft and approve an identity-protection policy by June 1, 2011. Per the Act, the policy must:

- Identify the Act.
- Require all employees identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers.
- Direct that only employees who are required to use or handle information or documents containing social security numbers to be provided access to such information or documents.
- Require social security numbers requested from an individual to be placed in a manner allowing the social security number to be easily redacted if required to be released as part of a public records request.
- Require, when collecting a social security number or upon request by the individual, the agency to provide a statement of the purpose or purposes for which the social security number is be collected and used.

Office management indicated the Office has utilized the Department of Innovation and Technology's policy for protecting sensitive information.

Failure to implement the provisions of the Act is noncompliance with the Act. Failure to ensure proper procedure are in place to track and protect confidential or sensitive information increases risk of the information being compromised. (Finding Code No. 2019-013)

2019-013 **FINDING** (Failure to implement provision of the Identity Protection Act) (Continued)

RECOMMENDATION

We recommend the Office implement an identity protection policy in accordance with the Act.

OFFICE RESPONSE

The Office agrees with the recommendation and has adopted an identity protection policy, identified employees with access to social security numbers, and trained those employees.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2019

For the Sixteen Months Ended October 31, 2019
(NOT EXAMINED)

Public Act 100-0586 FISCAL YEAR 2019	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Operational Expenses	$ 4,583,000	$ 4,337,504	$ 230,291	$ 4,567,795	$ 15,205
GOVERNOR'S GRANT FUND - 947					
Governor's Grant Fund	100,000	-	-	-	100,000
TOTAL - ALL APPROPRIATED FUNDS	$ 4,683,000	$ 4,337,504	$ 230,291	$ 4,567,795	$ 115,205
NON-APPROPRIATED FUNDS					
ILLINOIS EXECUTIVE MANSION TRUST FUND - 296					
Mansion Expenses		$ 11,292	$ (5,384)	$ 5,908	
TOTAL - ALL NON-APPROPRIATED FUNDS		$ 11,292	$ (5,384)	$ 5,908	
GRAND TOTAL - ALL FUNDS		$ 4,348,796	$ 224,907	$ 4,573,703	

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Office of the State Comptroller's records as of October 31, 2019, and have been reconciled to Office records.

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

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2018

For the Sixteen Months Ended October 31, 2018
(NOT EXAMINED)

Public Act 100-0021 and Public Act 100-0586 FISCAL YEAR 2018	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Operational Expenses	$ 4,869,600	$ 3,939,908	$ 525,156	$ 4,465,064	$ 404,536
Ordinary and Contingent Expenses	572,000	-	556,200	556,200	15,800
Total General Revenue Fund - 001	5,441,600	3,939,908	1,081,356	5,021,264	420,336
GOVERNOR'S GRANT FUND - 947					
Governor's Grant Fund	100,000	-	-	-	100,000
Total Governor's Grant Fund - 947	100,000	-	-	-	100,000
TOTAL - ALL APPROPRIATED FUNDS	$ 5,541,600	$ 3,939,908	$ 1,081,356	$ 5,021,264	$ 520,336
NON-APPROPRIATED FUNDS					
ILLINOIS EXECUTIVE MANSION TRUST FUND - 296					
Mansion Expenses		$ -	$ -	$ -	
TOTAL - ALL NON-APPROPRIATED FUNDS		$ -	$ -	$ -	

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2018

For the Sixteen Months Ended October 31, 2018
(NOT EXAMINED)

Public Act 100-0021 and Public Act 100-0586 FISCAL YEAR 2018	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to October 31	Total Expenditures 16 Months Ended October 31	Balances Lapsed October 31
GRAND TOTAL - ALL FUNDS		$ 3,939,908	$ 1,081,356	$ 5,021,264	

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Office of the State Comptroller's records as of October 31, 2018, and have been reconciled to Office records.

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

Note 3: During Fiscal Year 2018, the Office operated without enacted appropriations until Public Act 100-0021 was signed into law on July 6, 2017. During the impasse, the Office incurred non-payroll obligations, which the Office was unable to pay until the passage of Public Act 100-0021.

Note 4: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Office to pay for all cost incurred to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 67 includes information from Office management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Office to be submitted against its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2019, 2018, and 2017

(NOT EXAMINED)

	FISCAL YEAR		
	2019	2018	2017
	P.A. 100-0586	P.A. 100-0021 and P.A. 100-0586	P.A. 99-0524 and Court-Ordered Expenditures
APPROPRIATED FUNDS			
GENERAL REVENUE FUND - 001			
Appropriations (net after transfers)	$ 4,583,000	$ 5,441,600	$ 350,000
Expenditures			
Operational Expenses	4,567,795	4,465,064	3,476,514
Ordinary and Contingent Expenses	-	556,200	344,550
Total expenditures	4,567,795	5,021,264	$ 3,821,064
Lapsed balances	$ 15,205	$ 420,336	
BUDGET STABILIZATION FUND - 686			
Appropriations (net after transfers)	$ -	$ -	$ 150,000
Lump Sums and Other Purposes	-	-	148,383
Lapsed balances	$ -	$ -	$ 1,617
GOVERNOR'S GRANT FUND - 947			
Appropriations (net after transfers)	$ 100,000	$ 100,000	$ 100,000
Governor's Grant Fund	-	-	-
Lapsed balances	$ 100,000	$ 100,000	$ 100,000

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2019, 2018, and 2017

(NOT EXAMINED)

	FISCAL YEAR		
	2019	2018	2017
	P.A. 100-0586	P.A. 100-0021 and P.A. 100-0586	P.A. 99-0524 and Court-Ordered Expenditures
GRAND TOTAL - ALL APPROPRIATED FUNDS			
Appropriations (net after transfers)	$ 4,683,000	$ 5,541,600	$ 600,000
Total expenditures	4,567,795	5,021,264	$ 3,969,447
Lapsed balances	$ 115,205	$ 520,336	
NON-APPROPRIATED FUNDS			
ILLINOIS EXECUTIVE MANSION TRUST FUND - 296			
Expenditures			
Mansion Expenses	$ 5,908	$ -	$ -
Total Expenditures	$ 5,908	$ -	$ -
GRAND TOTAL - ALL NON-APPROPRIATED FUNDS	$ 5,908	$ -	$ -
GRAND TOTAL - ALL FUNDS	$ 4,573,703	$ 5,021,264	$ 3,969,447
General Revenue Fund - 001 - State Comptroller			
Governor's Salary	$ -	$ -	$ -

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2019, 2018, and 2017

(NOT EXAMINED)

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Office of the State Comptroller's records as of October 31, 2019, Octobter 31, 2018, and September 30, 2017, and have been reconciled to Office records.

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

Note 3: During Fiscal Year 2017, the Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Office was able to submit vouchers to pay its employees in full from Fund 001 without a maximum expenditure limit for personal service costs during Fiscal Year 2017.

Note 4: During Fiscal Year 2017 and 2018, the Office operated without enacted appropriations until Public Act 100-0021 was signed into law on July 6, 2017. During the impasse, the Office incurred non-payroll obligations, which the Office was unable to pay until the passage of Public Act 100-0021.

Note 5: During Fiscal Year 2017, Public Act 99-0524 authorized the Office to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures.

Note 6: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Office to pay for all cost incurred to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 67 includes information from Office management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Office to be submitted against its Fiscal Year 2018 appropriation.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Fiscal Years Ended June 30, 2019, 2018, and 2017

(NOT EXAMINED)

	FISCAL YEAR		
	2019	2018	2017
GENERAL REVENUE FUND - 001			
Miscellaneous	$ 7,796	$ 36	$ 70,573
Total cash receipts per Office	7,796	36	70,573
Less - In transit at End of Year	7,796	17	-
Plus - In transit at Beginning of Year	17	-	-
Total cash receipts per State Comptroller's records fund - 001	$ 17	$ 19	$ 70,573
ILLINOIS EXECUTIVE MANSION TRUST FUND - 296			
Executive Mansion	$ 5,375	$ -	$ 2,448
Total cash receipts per Office	5,375	-	2,448
Less - In transit at End of Year	5,375	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's records fund - 296	$ -	$ -	$ 2,448
GRAND TOTAL - ALL FUNDS			
Total cash receipts per Office	$ 13,171	$ 36	$ 73,021
Less - In transit at End of Year	13,171	17	-
Plus - In transit at Beginning of Year	17	-	-
Total cash receipts per State Comptroller's records - all funds	$ 17	$ 19	$ 73,021

Note: We were unable to conclude the Office's records were complete and accurate (see Finding Code No. 2019-001, 2019-006, and 2019-009).

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

	Land and Land Improvements	Building and Building Improvements	Equipment	Capital Lease Assets	Total
Balance at July 1, 2017	$ 41,100	$ 14,123,500	$ 1,145,230	$ -	$ 15,309,830
Additions	-	-	-	-	-
Deletions	-	-	-	-	-
Net transfers	-	-	-	-	-
Balance at June 30, 2018	$ 41,100	$ 14,123,500	$ 1,145,230	$ -	$ 15,309,830
Balance at July 1, 2018	$ 41,100	$ 14,123,500	$ 1,145,230	$ -	$ 15,309,830
Additions	-	17,111,003	-	-	17,111,003
Deletions	-	-	-	-	-
Net transfers	-	-	-	-	-
Unreconciled difference	-	(2,375,842)	-	-	(2,375,842)
Balance at June 30, 2019	$ 41,100	$ 28,858,661	$ 1,145,230	$ -	$ 30,044,991

Note: The above schedule has been derived from the property records of the Office. However, we were not able to reconcile to the property reports submitted to the Office of the State Comptroller due to certain errors noted in the Office's property reports (see Finding Code No. 2019-001 and 2019-002).

(NOT EXAMINED)

AGENCY FUNCTIONS

The Governor is the Chief Executive Officer of the State of Illinois. His official duties are set forth in Section 8 through 13 of Article V of the Illinois Constitution and in numerous statutory provisions. Section 8 provides that "the Governor shall have supreme executive power and shall be responsible for the faithful execution of the laws" of the State.

The Honorable Bruce Rauner is the former Governor and was sworn into office as the 42nd Governor of the State of Illinois on January 12, 2015, and left office on January 14, 2019. The Honorable J.B. Pritzker is the current Governor and was sworn into office as the 43rd Governor of the State of Illinois on January 14, 2019.

The Governor maintains direct supervision over the operation of State agencies, authorities, code departments, boards, commissions, councils, deputy governors' offices, and the Governor's Office of Management and Budget. The Governor negotiates legislative issues and State affairs with other elected Constitutional Officers of the Executive Branch of the State of Illinois, members of the General Assembly of Illinois, the National Administration of Governors, and other governors.

Chief of Staff

The Chief of Staff oversees Legislative Affairs, Policy, Communications, External Affairs, Deputy Governors, Operations, Senior Advisor, Legal, Federal Affairs, and Executive Appointments. The heads of those departments report to the Chief of Staff, who coordinates and reports to the Governor on their work.

General Counsel

The General Counsel's Office manages legal issues for the Governor and the Governor's Office. This office performs administrative work for the State which includes, but is not limited to, the following areas: drafting legal documents and contracts; overseeing all legal matters under the Governor's responsibilities; and advising the Governor and Chief of Staff on legal issues. The legal department ensures the Office of the Governor maintains compliancy with all ethics laws.

Chief Operating Officer

The Chief Operating Officer (COO) oversees the Fiscal Operations department and Operations department.

- The Operations department oversees the day to day operations of the Office of the Governor. The employees are responsible for handling personnel of the Office in addition to providing support in the front office. This department coordinates and manages the daily operations, schedule, and movement of Governor Pritzker. This unit also prepares all documentation necessary to maintaining the property of the Office.

(NOT EXAMINED)

AGENCY FUNCTIONS (Continued)

- The Fiscal Operations department oversees the day to day fiscal operations of the Office of the Governor. The employees in this department are responsible for overseeing the internal office budget, managing all agency expenditures, authorizing payments through the Comptroller's Office, ensuring all financial transactions are adequately documented and appropriately recorded, and corresponding internal controls are followed.

Legislative Affairs

The Legislative Affairs department represents the Governor’s administration in proceedings before the Illinois General Assembly and manages legislative affairs for the Governor’s Office and all State agencies that report to the Governor. This department works with members of the General Assembly, their staffs and other State Constitutional Officers to advance the Governor’s legislative agenda. This department also monitors legislation.

Policy

The Policy department is involved in policy development and acts as a liaison with departments and agencies. This department works closely with other units in the Governor’s Office that are responsible for legislation. This department meets with State agencies regularly to get updates on each agency’s goals and missions, so they can be communicated with the Chief of Staff and the Governor. This department also works directly with the Governor’s Office of Constituent Affairs (GOCA) to discuss constituent issues.

Federal Affairs

Federal Affairs is the only unit that is located outside of Illinois. Its office is located in Washington D.C. This unit is led by the Director of Federal Affairs, who maintains a relationship with elected Federal officials. It is the job of this unit to act as a liaison between the State and the Federal legislature. The Director of Federal Affairs reports to the Chief of Staff on new Federal legislation that will affect the State of Illinois and also works with Federal grants.

Communications

The Communications department develops and implements the Governor’s communications strategy and serves as the point of contact for media seeking information about the Governor. The department works directly with the Governor and other departments to discuss scheduling and opportunities for the Governor to meet with the people of Illinois through interviews and media appearances. This department also works directly with the Governor’s Office of Constituent Affairs (GOCA) to discuss constituent issues.

External Affairs

The External Affairs department is responsible for creating relationships with various ethnic groups and organizations in Illinois. It is the goal of the Office of the Governor to be aware of all issues and concerns of the communities in Illinois and the External Affairs department meets with these communities regularly to discuss concerns and how the Governor can become more involved in that organization/community. The

AGENCY FUNCTIONS (Continued)

External Affairs department also houses the Advance department, which organizes each of the Governor's events and plans out the Governor's travel. Through three Government Affairs managers, this department also acts as a liaison between the Office and municipal governments around the State. These managers regularly meet with mayors and city officials to discuss the effect of State legislation on cities and counties. The External Affairs Department works directly with the Governor on policy that would affect local governments and also briefs the Governor and Chief of Staff on local government throughout the State.

Governor's Office of Constituent Affairs (GOCA)

The GOCA office ensures State government takes responsibility for providing citizens the services they rightfully deserve by connecting constituents to crucial State services and programs. GOCA responds to correspondence sent to the Governor in order to address key issues that are important to the citizens of the State.

Executive Appointments

The Executive Appointments department is responsible for identifying and appointing suitable candidates for appointments under the jurisdiction of the Governor. The Executive Appointments department maintains all appointment documentation for State government boards and commissions under the purview of executive powers and appointment. The department uses a selection process to identify individuals to serve on boards that advise, advocate, and/or regulate issues across a broad range of programs and services that address the concerns of individuals and groups. This department also works closely with the General Counsel's Office to ensure that all statutory requirements for these appointments are met.

Deputy Governor

- The Deputy Governor over budget and economy acts as a liaison with various related agencies. The team works closely with the Governor's Office of Management and Budget. This department meets with State agencies regularly to get updates on each agency's goals and missions, so they can be communicated with the Chief of Staff and the Governor.

- The Deputy Governor over education is involved in education policy development and acts as a liaison with universities and education agencies. The team works closely with other units in the Governor's Office that are responsible for policy development. This department meets with State agencies and universities regularly to get updates on each agency's goals and missions, so they can be communicated with the Chief of Staff and the Governor.

- The Deputy Governor over health and human services acts as a liaison with health and human services related agencies. The team works closely with policy and the general counsel within the Governor's Office. This department meets with State agencies regularly to get updates on each agency's goals and missions, so they can be communicated with the Chief of Staff and the Governor.

(NOT EXAMINED)

AGENCY FUNCTIONS (Continued)

- The Deputy Governor over public safety and transportation acts as a liaison with various related agencies. The team works closely with other units in the Governor's Office that are responsible for legislation and policy development. This department meets with State agencies regularly to get updates on each agency's goals and missions, so they can be communicated with the Chief of Staff and the Governor.

Senior Advisor to the Governor

The Senior Advisor oversees projects and initiatives in the Governor's Office. The Senior Advisor's portfolio oversees technology and innovation, as well as legislative initiatives. The Senior Advisor team works closely with the Department of Innovation and Technology (DoIT). This department meets with DoIT and relevant project stakeholders regularly to get updates on goals and missions, so they can be communicated with the Chief of Staff and the Governor.

PLANNING PROGRAM

The Office of the Governor practices both long-term and short-term planning on a continuing basis. Longer range planning involves discussions with agencies and government units that fall under the jurisdiction of the Governor and with members of the legislature. Shorter range planning occurs in the annual budget process during which the Office functions in a review and advisory capacity to the Governor's Office of Management and Budget.

Operating Officers and Policy Advisors work directly with the governmental units subject to the Governor's jurisdiction. They serve as the Governor's liaisons and deal with specific operating problems, resource allocation, and policy objectives and alternatives. The results and findings of their efforts are prioritized and incorporated into the budgetary process as resources permit.

The budgetary process identifies various programs and issues to be addressed by fiscal period and also identifies more routine State government operating considerations. The result of this process is a formal program of objectives to be accomplished, which is subject to monitoring and revision throughout each fiscal period.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

Significant variances were determined to be changes of at least $50,000 and greater than 20 percent between fiscal years as reported in the Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances, and are explained below.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEAR 2019 AND FISCAL YEAR 2018

GENERAL REVENUE FUND – 001

Ordinary and contingent expenses
The decrease of $556,200 or 100% in Fiscal Year 2019 was due to the Office of the Governor (Office) not receiving an appropriation for ordinary and contingent expenses in Fiscal Year 2019. In Fiscal Year 2018, the Office received a supplemental appropriation from the General Revenue Fund for ordinary and contingent expenses.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEAR 2018 AND FISCAL YEAR 2017

GENERAL REVENUE FUND – 001

Ordinary and Contingent Expenses
The increase of $211,650 in Fiscal Year 2018 was due to the Office paying prior year outstanding invoices in Fiscal Year 2018 and the Office fully resuming spending in Fiscal Year 2018 after the budget impasse.

Operational Expenses
The increase of $988,550 in Fiscal Year 2018 was due to the Office paying prior year outstanding invoices in Fiscal Year 2018 and the Office fully resuming spending in Fiscal Year 2018 after the budget impasse.

BUDGET STABILIZATION FUND - 686

Lump Sums and Other Purposes
The decrease of $148,383 or 100% in Fiscal Year 2018 was due to the Office not receiving an appropriation in the Budget Stabilization Fund for ordinary and contingent expenses in Fiscal Year 2018. In Fiscal Year 2017, Office received an appropriation from the Budget Stabilization Fund for ordinary and contingent expenses that was used by the Office to pay expenses incurred due to the budget impasse.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

Significant variances were determined to be changes of at least $5,000 and greater than 20 percent between fiscal years as reported in the Comparative Schedule of Cash Receipts and Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller, and are explained below.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEAR 2019 AND FISCAL YEAR 2018

<u>GENERAL REVENUE FUND – 001</u>

<u>Miscellaneous</u>
The $7,760 increase in Fiscal Year 2019 was due to the Office decommissioning a postage machine and receiving a refund on unused postage that was previously paid by the Office.

<u>Illinois Executive Mansion Trust Fund – 296</u>
The $5,375 increase in Fiscal Year 2019 was due to proceeds of events held at the Executive Mansion. There were no private events held at the Executive Mansion in Fiscal Year 2018 when the Mansion was undergoing substantial renovations.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEAR 2018 AND FISCAL YEAR 2017

<u>GENERAL REVENUE FUND – 001</u>

<u>Miscellaneous</u>
The $70,537 decrease in miscellaneous receipts in Fiscal Year 2018 was mainly due to the Office receiving receipt of federal funds in Fiscal Year 2017 and not in Fiscal Year 2018. The federal funds received in Fiscal Year 2017 were from the Illinois State Board of Education (ISBE) to reimburse the salary of the Office's Preschool Expansion Policy Director in accordance with an intergovernmental agreement. ISBE is the fiscal agent of the Preschool Development Grant - Expansion Grant funds.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

Significant variances were determined to be changes of at least $50,000 and greater than 20 percent or more of the total expenditures as reported in the schedule of Appropriations, Expenditures, and Lapsed Balances, and are explained below.

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING IN FISCAL YEARS 2019

For Fiscal Year 2019, there was no significant lapse period spending.

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING IN FISCAL YEARS 2018

GENERAL REVENUE FUND – 001

Ordinary and Contingent Expenses
On June 4, 2018, Public Act 100-0586 established Fiscal Year 2018 appropriated spending authority for Fund 001 for ordinary and contingent expenses; which caused the Office of the Governor to have significant lapse period spending for ordinary and contingent expenses.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

PAYMENT OF PRIOR YEAR COSTS IN FUTURE FISCAL YEARS

Article 74 of Public Act 99-0524 authorized the Office of the Governor (Office) to pay Fiscal Year 2016 costs using the Office's Fiscal Year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Office to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Office's Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The following chart shows the Office's payments of its prior period costs using future appropriations:

		INVOICES	
		Paid From Fiscal Year 2018 Appropriations	
Fund #	Fund Name	Number	Dollar Value
001	General Revenue Fund	2	$ 5,487
296	Illinois Executive Mansion Trust Fund	-	-
947	Governor's Grant Fund	-	-
		2	$ 5,487

		FISCAL YEAR 2017 INVOICES	
		Paid From Fiscal Year 2018 Appropriations	
Fund #	Fund Name	Number	Dollar Value
001	General Revenue Fund	369	$ 528,181
296	Illinois Executive Mansion Trust Fund	-	-
947	Governor's Grant Fund	-	-
		369	$ 528,181

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
AVERAGE NUMBER OF EMPLOYEES
For the Years Ended June 30,

(NOT EXAMINED)

The following schedule was prepared from the Office of the Governor's records and presents the average number of employees, by function, for the Fiscal Years ended June 30,

Function	2019	2018	2017
Executive Office	86	94	77
Executive Mansion	5	5	5
Total	91	99	82