

STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

LEGISLATIVE AUDIT COMMISSION

COMPLIANCE EXAMINATION

FOR THE TWO YEARS ENDED JUNE 30, 2005

WILLIAM G. HOLLAND

AUDITOR GENERAL

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2005

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AGENCY OFFICIALS

LEGISLATIVE AUDIT COMMISSION

Executive Director

Ms. E. Jane Stricklin

Fiscal Officer

Ms. Mary Dunne

Agency office is located at:

Legislative Audit Commission
622 Stratton Building
Springfield, Illinois 62706

Legislative Audit Commission



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

October 20, 2005

Honorable William G. Holland
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

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 Agency. 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 Agency's compliance with the following assertions during the two-year period ended June 30, 2005. Based on this evaluation, we assert that during the years ended June 30, 2005 and June 30, 2004, the Agency has materially complied with the assertions below.

- A. The agency 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 agency 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 agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the agency 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. The money or negotiable securities or similar assets handled by the agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Legislative Audit Commission

E. Jane Stricklin

E. Jane Stricklin, Executive Director

Mary Dunne

Mary Dunne, Fiscal Officer

COMPLIANCE REPORT

SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF FINDINGS

<u>Number of</u>	<u>This Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

SUMMARY OF FINDINGS

The Legislative Audit Commission did not have any current year or prior year findings.

EXIT CONFERENCE

The Commission declined a formal exit conference in a letter dated November 15, 2005.



OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois Legislative Audit Commission's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2005. The management of the State of Illinois Legislative Audit Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois Legislative Audit Commission's compliance based on our examination.

- A. The State of Illinois Legislative Audit Commission 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 State of Illinois Legislative Audit Commission 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 State of Illinois Legislative Audit Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the State of Illinois Legislative Audit Commission 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 Legislative Audit Commission on behalf of the State or held in trust by the State of Illinois Legislative Audit Commission have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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

In our opinion, the State of Illinois Legislative Audit Commission complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2005. The results of our procedures disclosed no instances of noncompliance with those requirements, which would be required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which would be described in the accompanying schedule of State findings. There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

Internal Control

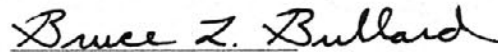
The management of the State of Illinois Legislative Audit Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the State of Illinois Legislative Audit Commission's internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses. The results of our procedures did not disclose matters involving internal control which would be required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and would be described in the accompanying schedule of State findings. There were no immaterial findings relating to internal control deficiencies that have been excluded from this report.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purposes of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2004 and 2005 Supplementary Information for State Purposes, except for information on Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

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



Bruce L. Bullard, CPA
Compliance Audit Director

October 20, 2005

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
 - Schedule of Changes in State Property
 - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Variances in Receipts
 - Analysis of Significant Lapse Period Spending

- Analysis of Operations
 - Agency Functions and Planning Program
 - Average Number of Employees
 - Service Efforts and Accomplishments (Not Examined)

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For The Fiscal Year Ended June 30, 2005

P.A. 93-842 FISCAL YEAR 2005	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
			Expenditures July 1 to August 31	Expenditures August 31		
General Revenue Fund 001						
Personal Services	\$ 170,755	\$ 170,750	\$ 0	\$ 170,750	\$ 5	
Employee Retirement						
Contributions Paid by Employer	6,840	6,835	0	6,835	5	
State Contribution to State						
Employees' Retirement System	34,000	27,522	0	27,522	6,478	
State Contributions to Social Security	12,870	12,864	0	12,864	6	
Contractual Services	3,500	2,963	174	3,137	363	
Travel	3,335	2,745	0	2,745	590	
Commodities	500	337	0	337	163	
Printing	1,500	0	409	409	1,091	
Equipment	500	185	175	360	140	
Electronic Data Processing	3,000	1,938	0	1,938	1,062	
Telecommunications	1,600	1,092	219	1,311	289	
Total Fiscal Year 2005	\$ 238,400	\$ 227,231	\$ 977	\$ 228,208	\$ 10,192	

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For The Fiscal Year Ended June 30, 2004

P.A. 93-91 FISCAL YEAR 2004	Appropriations (Net of Transfers)	Expenditures Through June 30	Lapse Period		Total Expenditures 14 Months Ended August 31	Balances Lapsed August 31
			Expenditures July 1 to August 31	Expenditures August 31		
General Revenue Fund 001						
Personal Services	\$ 160,520	\$ 156,167	\$ 0	\$ 156,167	\$ 4,353	
Employee Retirement						
Contributions Paid by Employer	6,430	6,251	0	6,251	179	
State Contribution to State						
Employees' Retirement System	21,030	14,454	0	14,454	6,576	
State Contributions to Social Security	12,120	11,769	0	11,769	351	
Contractual Services	13,220	12,539	295	12,834	386	
Travel	2,714	2,714	0	2,714	0	
Commodities	147	134	0	134	13	
Printing	952	0	932	932	20	
Equipment	395	372	0	372	23	
Electronic Data Processing	1,782	1,782	0	1,782	0	
Telecommunications	1,490	1,274	109	1,383	107	
Total Fiscal Year 2004	\$ 220,800	\$ 207,456	\$ 1,336	\$ 208,792	\$ 12,008	

Note: Appropriations, expenditures, and lapsed balances were obtained from Agency records and have been reconciled to records of the State Comptroller.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Years Ended June 30,

	Fiscal Year		
	2005	2004	2003
General Revenue Fund 001	P.A. 93-842	P.A. 93-91	P.A. 92-0538
<hr/>			
Appropriations (Net of Transfers)	\$ 238,400	\$ 220,800	\$ 215,800
<hr/>			
<u>Expenditures</u>			
Personal Services	\$ 170,750	\$ 156,167	\$ 152,900
Employee Retirement			
Contributions Paid by Employer	6,835	6,251	6,118
State Contribution to State			
Employees' Retirement System	27,522	14,454	15,787
State Contributions to Social Security	12,864	11,769	11,528
Contractual Services	3,137	12,834	3,827
Travel	2,745	2,714	4,421
Commodities	337	134	533
Printing	409	932	753
Equipment	360	372	162
Electronic Data Processing	1,938	1,782	1,951
Telecommunications	1,311	1,383	1,585
Total Expenditures	<u>\$ 228,208</u>	<u>\$ 208,792</u>	<u>\$ 199,565</u>
Lapsed Balances	<u>\$ 10,192</u>	<u>\$ 12,008</u>	<u>\$ 16,235</u>

Note: The Agency did not make any initiative payments during the examination period.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2005

		Equipment
Balance at July 1, 2003	\$	47,929
Additions		534
Deletions		-
Net Transfers		-
Balance at June 30, 2004	\$	48,463
Balance at July 1, 2004	\$	48,463
Additions		180
Deletions		(3,837)
Net Transfers		-
Balance at June 30, 2005	\$	44,806

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

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

General Revenue Fund - 001

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Jury Duty Reimbursement and recoveries (per agency)	<u>\$ 49</u>	<u>\$ 50</u>	<u>\$ -</u>
Deposits Ordered Into State Treasury (per State Comptroller)	<u>\$ 49</u>	<u>\$ 50</u>	<u>\$ -</u>

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2005

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2004 AND 2005

General Revenue Fund (001)

State Contribution to State Employees' Retirement System

The increase in State contribution to State Employees' Retirement System was due to the SERS employment contribution rate increasing from 13.439% in FY04 to 20.396% in FY05.

Contractual Services

The decrease in contractual services was due to the examination of the Office of the Auditor General not being performed in FY05.

Commodities

The increase in commodities expenditures was due to replenishing all office supplies. Minimal supplies were purchased in FY04 due to budgetary constraints.

Printing

The decrease in printing expenditures was due to more in-house copying by the Commission.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2005

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2003 AND 2004

General Revenue Fund (001)

Contractual Services

The increase in contractual services expenditures was due to a payment, totaling \$10,000, for the audit of the Office of the Auditor General. This audit is performed every two years.

Travel

The decrease in travel expenditures was due to more LAC meetings coinciding with session days.

Commodities

The decrease in commodities expenditures was due to reduced commodity expenditures due to budget constraints.

Printing

The increase in printing expenditures was due to an increase in the cost of printing the 2003 Annual Report.

Equipment

The increase in equipment expenditures was due to the purchase of a new transcribing machine.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2005

The Agency receives minimal receipts. During fiscal years 2004 and 2005 the Agency received monies for telephone reimbursement and jury duty. No receipts were received by the Agency in fiscal year 2003.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2005

FISCAL YEAR 2005

General Revenue Fund (001)

Printing

Printing expenditures incurred prior to June 30, totaling \$409, were paid during the lapse period due to the Commission receiving an invoice for printing services late in the fiscal year.

Equipment

Equipment expenditures incurred prior to June 30, totaling \$175, were paid during the lapse period due to the Commission receiving an invoice for equipment late in the fiscal year.

FISCAL YEAR 2004

General Revenue Fund (001)

Printing

Printing expenditures incurred prior to June 30, totaling \$932, were paid during the lapse period due to the Commission receiving an invoice for printing services late in the fiscal year.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION

ANALYSIS OF OPERATIONS

AGENCY FUNCTIONS AND PLANNING PROGRAM

Agency Functions

The Legislative Audit Commission (Commission) was created as a legislative support services agency subject to the Legislative Commission Reorganization Act of 1984 (25 ILCS 150). The Commission's primary duty is to review reports received from the Auditor General and take action thereon and make recommendations to the General Assembly. The Commission must determine what remedial measures, if any, are needed and whether special studies and investigations are necessary and if deemed necessary direct the Auditor General to undertake such studies or investigations. The Commission is to report its activities to the General Assembly not less than annually and not later than March 1 of each year.

The Commission is composed of 12 members and the membership is equally divided between the House of Representatives and the Senate and the two primary political parties. For most of FY04 and FY05, Representative Frank Mautino and Senator Chris Lauzen were Commission co-chairs. However, at July 1, 2003, Senator Vince Demuzio and Representative Bob Biggins served as acting co-chairs until Representative Mautino began as co-chair in September 2003 and Senator Lauzen began as co-chair in November 2003.

The Joint Committee on Legislative Support Services provides the foundation for the Commission's goals. The Commission supplements these goals by establishing policy and direction for the staff which are documented in the minutes of the Commission meetings.

During fiscal years 2004 and 2005, Commission planning emphasized the following:

- A. Timely review of audits and examinations.
- B. Preparation and enactment of a legislative program.
- C. Action to eliminate repetition of prior findings from audits and examinations of State agencies.
- D. Review of emergency purchases.
- E. Resolutions requesting additional audits to be performed by the Office of the Auditor General.
- F. Maintenance of a web site that includes all Commission meeting information, reviews and forms.

E. Jane Stricklin, Executive Director, serves at the direction of the Legislative Audit Commission and operates the Agency with a staff of two, guided by the Operating Rules for Legislative Support Service Agencies.

The Commission’s daily operations are funded from the General Revenue Fund.

The Commission members as of 6/30/05:

SENATE MEMBERS

Deanna Demuzio
 Chris Lauzen
 Iris Martinez
 Dale Righter
 Dale Risinger
 George Shadid

HOUSE MEMBERS

Rich Brauer
 Frank Mautino
 Sidney H. Mathias
 Sandra M. Pihos
 Marlow Colvin

As of 6/30/05 the Commission had a vacancy in the House members.

Planning Program

The Commission’s objectives are defined by statute and their main activity is to review reports received from the Auditor General and take action thereon and make recommendations to the General Assembly. Their statutory duties necessarily serve as the Commission’s goals and are the framework of their planning function.

Auditor Assessment

The Commission’s planning program appears adequate to meet its statutorily mandated responsibilities.

AVERAGE NUMBER OF EMPLOYEES

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

<u>Division</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Administrative	3	3	3
Total average full-time employees	<u>3</u>	<u>3</u>	<u>3</u>

SERVICE EFFORTS AND ACCOMPLISHMENTS (Not Examined)

The Legislative Audit Commission is mandated by law (25 ILCS 150/0.01–.06) to review all reports received by the State Auditor General. The primary responsibilities of the Commission are to:

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

The Commission reviewed and took action on 202 financial and compliance reports and 5 performance reports during calendar year 2003. The Commission reviewed and took action on 160 financial and compliance reports and 5 performance reports during calendar year 2004. The Commission adopted 2 resolutions to initiate performance audits during calendar year 2004. The Commission held 12 meetings during the engagement period.