

**STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2012

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2012

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STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012

AGENCY OFFICIALS

Executive Director

Randy Erford

Commission Members as of June 30, 2012:

Senator Tim Bivins

Representative Chapin Rose

Senator James F. Clayborne Jr.

Representative Franco Coladipietro

Senator Kirk W. Dillard

Representative Lou Lang

Senator Terry Link

Representative Frank Mautino

Agency office is located at:

420 Stratton Building
Springfield, IL 62706

Senator Tim Bivens
Senator James F. Clayborne, Jr.
Senator Kirk Dillard
Senator Terry Link



CHAIRMAN:
Representative Chapin Rose
Representative Franco Coladipietro
Representative Lou Lang
Representative Frank Mautino

EXECUTIVE DIRECTOR:
Randy Erford

LEGISLATIVE ETHICS COMMISSION

420 Stratton Building, Springfield, IL 62706
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STATE COMPLIANCE EXAMINATION MANAGEMENT ASSERTION LETTER

December 13, 2012

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

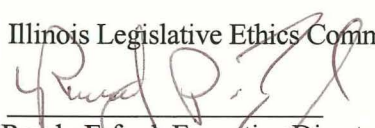
Dear Mr. Holland:

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 Illinois Legislative Ethics Commission (Commission). 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 Commission's compliance with the following assertions during the two-year period ended June 30, 2012. Based on this evaluation, we assert that during the years ended June 30, 2011 and June 30, 2012, the Commission has materially complied with the assertions below.

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

Yours very truly,

Illinois Legislative Ethics Commission


Randy Erford, Executive Director

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2012

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANTS' REPORT

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

SUMMARY OF FINDINGS

<u>Number of</u> Findings	<u>Current</u> <u>Report</u>	<u>Prior</u> <u>Report</u>
Repeated findings	2	2
Prior recommendations implemented or not repeated	2	1
	0	1

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
12-1	7	Procedural deficiencies	Significant Deficiency and Noncompliance
12-2	10	Inadequate segregation of duties	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The Legislative Ethics Commission waived an exit conference in correspondence dated December 6, 2012. Responses to the findings and recommendations were provided by Mr. Randy Erford, Executive Director, on December 6, 2012.

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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 Ethics 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, 2012. The management of the State of Illinois, Legislative Ethics Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Legislative Ethics Commission's compliance based on our examination.

- A. The State of Illinois, Legislative Ethics 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 Ethics 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 Ethics Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

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 Ethics Commission's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in

the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Legislative Ethics Commission's compliance with specified requirements.

In our opinion, the State of Illinois, Legislative Ethics Commission complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2012. However, the results of our procedures disclosed instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 12-1 and 12-2.

Internal Control

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 12-1 and 12-2. *A significant deficiency in an entity's internal control over compliance* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

There were no immaterial findings that have been excluded from this report.

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

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2012 and June 30, 2011 in Schedules 1 through 6 and the Analysis of Operations Section 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 June 30, 2012 and June 30, 2011 accompanying supplementary information in Schedules 1 through 6. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the June 30, 2010 accompanying supplementary information in Schedules 3 through 5 and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Legislative Ethics Commission, 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
Director of Financial and Compliance Audits

December 13, 2012

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

12-1. **FINDING** (Procedural deficiencies)

During our testing of the Legislative Ethics Commission (Commission), we noted the following procedural deficiencies:

- The Commission submitted 2 of 2 (100%) Fiscal Control and Internal Auditing Act (FCIAA) certifications for Fiscal Years 2011 and 2012 to the Office of the Auditor General 473 and 107 days late, respectively. FCIAA (30 ILCS 10/3003) requires each chief executive officer of each State agency to conduct an evaluation of their systems of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1st of each year.
- The Commission submitted 1 of 4 (25%) Travel Headquarters (TA-2) reports to the Legislative Audit Commission (LAC) 13 days late. The State Finance Act (30 ILCS 105/12-3) requires agencies to file semi-annual TA-2 reports with the LAC for all officers and employees where official headquarters are located other than where their official duties require them to spend the largest part of their working time by January 15th and July 15th each year.
- The Commission did not timely submit 1 of 2 (50%) inventory certifications with the Department of Central Management Services (DCMS). The Commission filed the report 48 days late. The Illinois Administrative Code (44 Ill. Adm. Code 5010.460) requires agencies to certify completion of annual physical inventory of State equipment and submit a complete property listing to DCMS on dates designated by DCMS.
- The Commission submitted 1 of 8 (13%) Quarterly Reports of State Property (C-15 reports) to the Office of the Comptroller (Comptroller) 3 days late. Statewide Accounting Management System (SAMS) (Procedure 29.20.10) requires agencies to submit C-15 reports to the Comptroller no later than the last day of the month following the last day of the quarter.
- The Commission submitted 2 of 2 (100%) Annual Real Property Utilization reports for Fiscal Years 2011 and 2012 to DCMS 388 and 22 days late, respectively. The State Property Control Act (30 ILCS 605/7.1(b)) requires agencies to submit an Annual Real Property Utilization Report, or an annual update of the report, on forms required by DCMS, by July 31st of each year.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS

For the Two Years Ended June 30, 2012

- The Commission failed to perform and document 24 of 24 (100%) monthly reconciliations of its expenditures with the Office of the Comptroller's Monthly Appropriation Status Report (SB01). SAMS (Procedure 11.40.20) requires agencies to reconcile appropriation expenditures monthly and notify the Comptroller of any irreconcilable differences.

- The Commission failed to prepare and file its 2008 Agency Workforce report with the Office of the Governor after auditors noted that the report was not filed during the previous compliance examination. The State Employment Records Act (5 ILCS 410 et seq.) requires State agencies to collect, classify, maintain, and report certain employment statistics for women, disabled, and minority groups. Annual reports summarizing the information in a prescribed format are required to be filed with the Office of the Governor and the Secretary of State by January 1st each year for the preceding fiscal year. In addition, the Illinois State Auditing Act (30 ILCS 5/3-2.2(b)) states that if the Auditor General determines that a State agency has materially failed to comply with the requirements of the State Employment Records Act, the State agency, within 30 days after release of the audit by the Auditor General, shall prepare and file with the Governor and the Secretary of State corrected reports covering the periods affected by the noncompliance.

Commission management stated the delays and missing reports noted were due to employee oversight. Commission management also stated that reconciliations are already being performed at least twice per year, and that due to the limited number of expenditures, monthly reconciliations do not seem necessary.

Periodic evaluations of internal controls are necessary to determine whether existing measures are adequate to safeguard assets, ensure the accuracy and reliability of accounting data, and encourage adherence to legal requirements and prescribed management policy. Untimely filing of TA-2 reports reduces effective government oversight and is noncompliance with a statutory mandate. Untimely reporting of property information reduces the reliability of Statewide property information. Failure to perform and document monthly reconciliations in a timely manner could result in accounting errors not being detected. Failure to file Agency Workforce reports reduces the accuracy and completeness of Statewide employment diversity information. (Finding Code No. 12-1, 10-1)

During the prior examination, auditors noted the Commission failed to timely record the purchase of equipment items on its property control listing. During the current examination, we noted no such instances during our sample testing. In addition, during the prior examination, we noted the Commission could not locate time sheets for one of its former employees, and an employee of the Commission did not file a statement of economic

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

interests with the Secretary of State. We did not note any such instances during our sample testing during the current examination.

RECOMMENDATION

We recommend the Commission:

- Timely submit its Fiscal Control and Internal Auditing Act certification to the Office of the Auditor General;
- Submit its TA-2 reports to the LAC timely;
- Timely submit the required property reports in accordance with the Illinois Administrative Code, SAMS, and State statute;
- Comply with SAMS and document performance of expenditure reconciliations monthly; and
- File Agency Workforce reports with both the Governor and Secretary of State.

COMMISSION RESPONSE

Accepted. Agency staff has documented improved diligence with regard to filing of external reports and will endeavor to achieve further improvements in compliance during FY2013 and thereafter. Notably, the agency will submit a FCIAA certification letter by May 1st of each year, similar to the letter submitted late during the current audit period. The agency will also file annually a Real Property Utilization Report, indicating that the agency does not own or control real property. Agency staff was unfamiliar with SAMS Procedure 11.40.20 which requires monthly expenditures reconciliation with Comptroller records. Despite no deficiencies noted with regard to the agency's financials, management will begin monthly (rather than periodic) financial reconciliations, as recommended.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

12-2. **FINDING** (Inadequate segregation of duties)

The Legislative Ethics Commission (Commission) had an inadequate segregation of duties in the areas of expenditure control and State property. We noted the following:

- One person had authority to approve vouchers, maintain accounting records and perform monthly expenditure reconciliations.
- One person had authority to approve all property purchases, tag all inventory, maintain the property records, and complete the quarterly reports of State property.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. In addition, good business practices require the Commission maintain adequate segregation of duties in order to help ensure the safeguarding of assets, prevent improper expenditures, and ensure the accuracy and reliability of accounting data.

Commission management stated they have implemented a procedure to present expenditure reports to the Commission during its meetings. However, these expenditure reports are prepared and presented to the Commission after the transactions have already occurred; we concluded this procedure does not limit the authority of an employee with regard to the duties and functions described above.

A lack of adequate segregation of duties increases the likelihood that a loss from errors or irregularities could occur and would not be found in the normal course of employees carrying out their assigned duties. (Finding Code No. 12-2, 10-2, 08-2)

RECOMMENDATION

We recommend the Commission maintain effective internal control over the record keeping and accounting duties concerned with expenditure and property control.

COMMISSION RESPONSE

Accepted. As previously noted, segregation of duties is problematic in a single staff office, but management will endeavor to enhance its procedural compliance with state filing requirements and the Commission will continue its enhanced financial oversight of

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2012

agency operations, as a means to ensure accurate accounting and recordkeeping with reference to expenditures and property control.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2012

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
 - Analysis of Significant Variations in Expenditures
 - Analysis of Significant Lapse Period Spending

- Analysis of Operations (Not Examined):

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

The accountants' 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 to the accompanying supplementary information for the years ended June 30, 2012 and June 30, 2011 in Schedules 1 through 6. However, the accountants do not express an opinion on the supplementary information. The accountants' report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

Schedule 1

STATE OF ILLINOIS
 LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Year Ended June 30, 2012

P.A. 97-0056	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate		Approximate Balances Lapsed August 31
			Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 Months Ended August 31	
General Revenue Fund - 001 Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General	\$ 312,500	\$ 110,720	\$ 1,884	\$ 112,604	\$ 199,896
Total Fiscal Year 2012	<u>\$ 312,500</u>	<u>\$ 110,720</u>	<u>\$ 1,884</u>	<u>\$ 112,604</u>	<u>\$ 199,896</u>

Note A: Appropriations, expenditures, and lapsed balances were obtained from the Legislative Ethics Commission's records (Commission) and have been reconciled to records of the State Comptroller. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor. Approximate lapse period expenditures do not include interest payments approved for payment by the Commission and submitted to the Comptroller for payment after August 31.

Note B: The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. In both Fiscal Years 2011 and 2012, both entities were reported under the Legislative Ethics Commission's agency code. Therefore, both Fiscal Years 2011 and 2012 appropriations, expenditures, and lapsed balances are reported in the Compliance Attestation Engagement reports for both agencies.

Schedule 2

STATE OF ILLINOIS
 LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Year Ended June 30, 2011

	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures 18 Months Ended December 31	Balances Lapsed December 31
		Expenditures Through June 30	Expenditures July 1 to December 31		
P.A. 96-0956					
General Revenue Fund - 001					
Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General	\$ 312,455	\$ 98,188	\$ 1,722	\$ 99,910	\$ 212,545
Total Fiscal Year 2011	\$ 312,455	\$ 98,188	\$ 1,722	\$ 99,910	\$ 212,545

Note A: Appropriations, expenditures, and lapsed balances were obtained from the Legislative Ethics Commission's records and have been reconciled to records of the State Comptroller.

Note B: The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. In both Fiscal Years 2011 and 2012, both entities were reported under the Legislative Ethics Commission's agency code. Therefore, both Fiscal Years 2011 and 2012 appropriations, expenditures, and lapsed balances are reported in the Compliance Attestation Engagement reports for both agencies.

Schedule 3

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

	Fiscal Year		
	2012	2011	2010
General Revenue Fund - 001	P.A. 97-0056	P.A. 96-0956	P.A. 96-0042
Appropriations (Net of Transfers)	\$ 312,500	\$ 312,455	\$ 312,455
<u>Expenditures</u>			
Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General	\$ 112,604	\$ 99,910	\$ 91,008
Lapsed Balances	\$ 199,896	\$ 212,545	\$ 221,447

Note A: Fiscal Years 2012 and 2010 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August.

Note B: The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. In both Fiscal Years 2011 and 2012, both entities were reported under the Legislative Ethics Commission's agency code. See the Analysis of Significant Variations in Expenditures to see a comparison of expenditures in total and by detailed object code.

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2012

	<u>Equipment</u>
Balance at July 1, 2010	\$ 9,087
Additions	211
Deletions	-
Net Transfers	<u>-</u>
Balance at June 30, 2011	<u>\$ 9,298</u>
Balance at July 1, 2011	\$ 9,298
Additions	-
Deletions	-
Net Transfers	<u>-</u>
Balance at June 30, 2012	<u>\$ 9,298</u>

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller. The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. All equipment is reported under the Legislative Ethics Commission.

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
 For the Two Years Ended June 30, 2012

<u>GENERAL REVENUE FUND – 001</u>	<u>2012</u>		<u>2011</u>
Regular Positions	\$ 66,542	(A)	\$ 54,825
Contractual Payroll Employees	35,400		35,400
State Contribution to Social Security	5,600		4,704
Contractual Services	1,063		911
Travel	2,187		1,923
Printing	0		76
Commodities	17		111
Equipment	5		291
Telecommunications	<u>1,790</u>		<u>1,669</u>
Total General Revenue Fund Expenditures	<u>\$ 112,604</u>		<u>\$ 99,910</u>

Explanations of significant variations in expenditures (fluctuations of 20% and \$500) for the two years ended June 30, 2012 are presented below:

- (A) The increase in regular positions expenditures in Fiscal Year 2012 was due to an increase in the Inspector General's caseload and an increase in the number of related hours.

Note: The Legislative Ethics Commission shared an appropriation with the Office of the Legislative Inspector General during Fiscal Years 2011 and 2012. The above expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures.

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
 For the Two Years Ended June 30, 2012

<u>GENERAL REVENUE FUND – 001</u>	<u>2011</u>		<u>2010</u>
Regular Positions	\$ 54,825	(A)	\$ 45,204
Contractual Payroll Employees	35,400		35,400
State Contribution to Social Security	4,704		3,968
Contractual Services	911		1,044
Travel	1,923		1,760
Printing	76		121
Commodities	111		320
Equipment	291		591
Electronic Data Processing	0		36
Telecommunications	<u>1,669</u>	(B)	<u>2,564</u>
Total General Revenue Fund Expenditures	<u>\$ 99,910</u>		<u>\$ 91,008</u>

Explanations of significant variations in expenditures (fluctuations of 20% and \$500) for the two years ended June 30, 2011 are presented below:

- (A) The increase in regular positions expenditures in Fiscal Year 2011 was due to an increase in the Inspector General's caseload and an increase in the number of related hours.
- (B) The decrease in telecommunications expenditures in Fiscal Year 2011 was due to service being terminated to three phone lines in the office due to the lines not being used regularly.

Note: The Legislative Ethics Commission shared an appropriation with the Office of the Legislative Inspector General during Fiscal Years 2010 and 2011. The above expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures.

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
 For the Two Years Ended June 30, 2012

<u>GENERAL REVENUE FUND – 001</u>	<u>2012</u>	<u>2011</u>
Regular Positions	\$ 0	\$ 0
Contractual Payroll Employees	1,475	1,475
Employee Retirement Contributions Paid by Employer	0	0
State Contribution to State Employees' Retirement System	0	0
State Contribution to Social Security	21	21
Contractual Services	120	38
Travel	0	0
Printing	0	0
Commodities	0	0
Equipment	0	0
Electronic Data Processing	0	0
Telecommunications	<u>268</u>	<u>188</u>
Total General Revenue Fund Expenditures	<u>\$ 1,884</u>	<u>\$ 1,722</u>

We noted no significant lapse period spending during the two years ended June 30, 2012.

Note: The Legislative Ethics Commission shared an appropriation with the Office of the Legislative Inspector General during Fiscal Years 2011 and 2012. The above lapse period expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2012
(Not Examined)

FUNCTIONS

The Legislative Ethics Commission (Commission) was created in December 2003 by the State Officials and Employees Ethics Act (Act) (5 ILCS 430/et seq.). The Commission consists of 8 commissioners appointed 2 each by the President and Minority Leader of the Senate and the Speaker and Minority Leader of the House of Representatives. The Executive Director of the Legislative Ethics Commission is appointed by the Commission and subject to approval of at least 3 of the 4 legislative leaders.

The jurisdiction of the Commission extends to members of the General Assembly and all state employees whose ultimate jurisdictional authority is a legislative leader, the Senate Operations Commission or the Joint Committee on Legislative Support Services.

The State Officials and Employees Ethics Act states the Legislative Ethics Commission shall have the following duties:

- To promulgate rules governing the performance of its duties and the exercise of its powers and governing the investigations of the Legislative Inspector General.
- To conduct administrative hearings and rule on matters brought before the Commission only upon the receipt of pleadings filed by the Legislative Inspector General and not upon its own prerogative.
- Any other allegations of misconduct received by the Commission from a person other than the Legislative Inspector General shall be referred to the Office of the Legislative Inspector General.
- To prepare and publish manuals and guides and, working with the Office of the Attorney General, oversee training of employees under its jurisdiction that explains their duties.
- To prepare public information materials to facilitate compliance, implementation, and enforcement of the Act.
- To submit reports as required by the Act.
- To the extent authorized by the Act, to make rulings, issue recommendations, and impose administrative fines, if appropriate, in connection with the implementation and interpretation of the Act. The powers and duties of the Commission are limited to matters clearly within the purview of the Act.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2012
(Not Examined)

- To issue subpoenas with respect to matters pending before the Commission to compel the attendance of witnesses for purposes of testimony and the production of documents and other items for inspection and copying.

- To appoint special Legislative Inspectors General.

PLANNING PROGRAM

The Commission is an investigative body with its powers and duties detailed in the State Officials and Employees Ethics Act. As a result, the Commission does not have formal written goals and objectives, but instead operates to fulfill the statutory responsibilities in a timely and efficient manner.

The Commission's Operating Rules and the Commission's Personnel Manual help implement and communicate the responsibilities set forth in the State Officials and Employees Ethics Act.

STATE OF ILLINOIS
 LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION
AVERAGE NUMBER OF EMPLOYEES
 For the Two Years Ended June 30, 2012
 (Not Examined)

AVERAGE NUMBER OF EMPLOYEES

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

<u>Division</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Inspector General *	1	1	1
Executive Director **	1	1	1
Total average employees	<u>2</u>	<u>2</u>	<u>2</u>

* The Inspector General is a part-time employee.

** The Executive Director of the Legislative Ethics Commission is a contractual payroll employee and is part-time.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2012
(Not Examined)

The Legislative Ethics Commission (Commission) maintained a website for State employees and the general public. This website outlines information about the Commission, including its history, legislative authority, and purpose. In addition, the website provides contact information for the Commission.

Pursuant to the State Officials and Employees Ethics Act (5 ILCS 430 et seq.), the Commission receives quarterly reports summarizing investigation activity from the Office of the Legislative Inspector General. Listed below is a compilation of allegation and investigation information reported to the Commission for Fiscal Years 2011 and 2012.

	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2012</u>
Number of allegations received	24	30
Number of investigations initiated	24	30
Number of investigations concluded	23	20
Number of total open investigations	5	15

There were no pleadings filed in Fiscal Years 2011 and 2012 with the Commission by the Legislative Inspector General. Accordingly, the Commission had not conducted an administrative hearing or given a ruling during Fiscal Years 2011 and 2012.