

**STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2006

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

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STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

AGENCY OFFICIALS

Board Chairperson

Cara Smith

Board office is located at:

100 W. Randolph Street
Chicago, Illinois 60601



OFFICE OF THE ATTORNEY GENERAL
STATE OF ILLINOIS

Lisa Madigan
ATTORNEY GENERAL

MANAGEMENT ASSERTION LETTER

January 4, 2007

Honorable William G. Holland
Auditor General
Iles Park Plaza
740 East Ash Street
Springfield, Illinois 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 Sex Offender Management Board (Board). 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 Board's compliance with the following assertions during the two-year period ended June 30, 2006. Based on this evaluation, we assert that during the two years ended June 30, 2006, the Board has materially complied with the assertions below.

- A. The Board 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 Board 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 Board 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 Board are in accordance with applicable laws and regulations and the accounting and record keeping of such revenues and receipts is fair, accurate and in accordance with law.

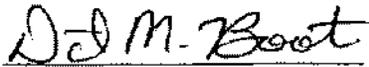
E. The money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and record keeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

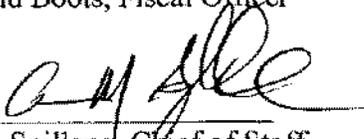
Sex Offender Management Board



Cara Smith, Chairperson



David Boots, Fiscal Officer



Ann Spillane, Chief of Staff

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

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 recommendation implemented or not repeated	0	0

There were no findings noted in our testing which are required to be included in the report.

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

There were no findings noted during the Compliance Examination for the two years ended June 30, 2004.

EXIT CONFERENCE

An exit conference was waived by Lesslie Morgan, Chief Internal Auditor for the Office of the Attorney General in correspondence dated January 31, 2007.

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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 Sex Offender Management Board'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, 2006. The management of the State of Illinois Sex Offender Management Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois Sex Offender Management Board's compliance based on our examination.

- A. The State of Illinois Sex Offender Management Board 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 Sex Offender Management Board 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 Sex Offender Management Board 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 Sex Offender Management Board 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 Sex Offender Management Board on behalf of the State or held in trust by the State of Illinois Sex Offender Management Board 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 Sex Offender Management Board'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 Sex Offender Management Board's compliance with specified requirements.

In our opinion, the State of Illinois Sex Offender Management Board complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2006. The results of our procedures disclosed no instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General.

As required by the Audit Guide, immaterial findings relating to instances of noncompliance excluded from this report have been reported in a separate letter.

Internal Control

The management of the State of Illinois Sex Offender Management Board 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 Sex Offender Management Board'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 disclosed no other matters involving internal control, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General.

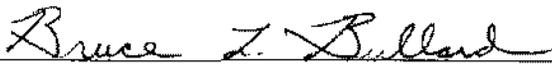
As required by the Audit Guide, an immaterial finding relating to internal control deficiencies excluded from this report has been reported in a separate letter.

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 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 2005 and 2006 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2004 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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
Director of Financial and Compliance Audits

January 4, 2007

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2006

Current Findings

There were no current findings noted during the Compliance Examination for the two years ended June 30, 2006.

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2006

Prior Findings Not Repeated

There were no findings noted during the Compliance Examination for the two years ended June 30, 2004.

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2006

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:

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

- Analysis of Operations:

- Agency Functions and Planning Program
- Average Number of Employees

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states we have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2006 and 2005 Supplementary Information for State Compliance Purposes. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2004 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2006

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures (in thousands)</u>	<u>Amount to Subrecipients</u>
U.S. Department of Justice			
Sex Offender Management Discretionary Grant	16.203	\$ 37	\$ 22
Total Expenditures of Federal Awards		<u>\$ 37</u>	<u>\$ 22</u>

Note: The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2005

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures (in thousands)</u>	<u>Amount to Subrecipients</u>
U.S. Department of Justice			
Sex Offender Management Discretionary Grant	16.203	\$ 68	\$ 12
Total Expenditures of Federal Awards		<u>\$ 68</u>	<u>\$ 12</u>

Note: The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Two Years Ended June 30, 2006

1. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying Schedules of Expenditures of Federal Awards present the activity of all federal assistance of the Sex Offender Management Board (Board) for the years ended June 30, 2006 and June 30, 2005.

B. Basis of Accounting

The Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting.

2. DESCRIPTION OF GRANT PROGRAMS

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

Sex Offender Management Discretionary Grant – CFDA# 16.203

The Board receives a Sex Offender Management Discretionary grant from the U.S. Department of Justice. The purpose of this grant is to improve sex offender management in Illinois through development of a unified, collaborative action plan and to facilitate the development of a statewide comprehensive action plan and training programs for treatment providers, supervision agents, judges, and attorneys.

3. PASS-THROUGH AND SUB-RECIPIENT AWARDS

The Board received all funds directly from the federal government. Of the federal expenditures presented in the schedule, \$22,000 and \$12,000 were provided to subrecipients for the years ended June 30, 2006 and 2005, respectively.

4. NON-CASH AWARDS

The Board did not receive any non-cash awards.

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2006 and 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		

P.A. 94-0015
FISCAL YEAR 2006

SEX OFFENDER MANAGEMENT
BOARD FUND # 527

Planning, Research, and Operations	500,000	46,399	0	46,399	453,601
Total Fiscal Year 2006	<u>\$ 500,000</u>	<u>\$ 46,399</u>	<u>\$ 0</u>	<u>\$ 46,399</u>	<u>\$ 453,601</u>

	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		

P.A. 93-0842
FISCAL YEAR 2005

SEX OFFENDER MANAGEMENT
BOARD FUND # 527

Planning, Research, and Operations	500,000	79,258	13,335	92,593	407,407
Total Fiscal Year 2005	<u>\$ 500,000</u>	<u>\$ 79,258</u>	<u>\$ 13,335</u>	<u>\$ 92,593</u>	<u>\$ 407,407</u>

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

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2006

	Fiscal Year		
	2006	2005	2004
SEX OFFENDER MANAGEMENT BOARD FUND #527	P.A. 94-0015	P.A. 93-0842	P.A. 93-0098
Appropriations (Net of Transfers)	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 250,000</u>
<u>Expenditures</u>			
Planning, Research and Operations	\$ 46,399	\$ 92,593	\$ 62,309
Total Expenditures	<u>\$ 46,399</u>	<u>\$ 92,593</u>	<u>\$ 62,309</u>
Lapsed Balances	<u>\$ 453,601</u>	<u>\$ 407,407</u>	<u>\$ 187,691</u>

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2006

Balance at July 1, 2004	\$ 5,165
Additions	0
Deletions	0
Net Transfers	<u>0</u>
Balance at June 30, 2005	<u>\$ 5,165</u>
Balance at July 1, 2005	\$ 5,165
Additions	0
Deletions	0
Net Transfers	<u>(1,643)</u>
Balance at June 30, 2006	<u>\$ 3,522</u>

This schedule has been reconciled to property reports submitted to the Office of the Comptroller.

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

<u>Sex Offender Management Fund #527</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
U.S. Department of Justice	\$ 62,426	\$ 45,183	\$ 66,000
Total Receipts	<u>\$ 62,426</u>	<u>\$ 45,183</u>	<u>\$ 66,000</u>

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE STATE COMPTROLLER**
For the Fiscal Years Ended June 30,

<u>Sex Offender Management Fund #527</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Receipts per Department Records	\$ 62,426	\$ 45,183	\$ 66,000
Add: Deposits in Transit, Beginning of Year	-	-	-
Less: Deposits in Transit, End of Year	<u>-</u>	<u>-</u>	<u>-</u>
Deposits Recorded by the Comptroller	<u>\$ 62,426</u>	<u>\$ 45,183</u>	<u>\$ 66,000</u>

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS
For the Two Years Ended June 30, 2006 and 2005

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

BETWEEN FISCAL YEAR 2005 AND 2006

The decrease in expenditures of \$46,194 in Fiscal Year 2006 was mainly due to a one-time refund expenditure in Fiscal Year 2005. In addition, operational activities and expenditures decreased as the Board's federal grant program concluded in September 2005.

BETWEEN FISCAL YEAR 2004 AND 2005

The increase in expenditures of \$30,284 in Fiscal Year 2005 was mainly due to a refund to DeKalb County after the receipt of probation fees, which were accidentally deposited into the Sex Offender Management Board's fund by the Office of the Treasurer.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

BETWEEN FISCAL YEAR 2005 AND 2006

Receipts are drawn down from the Federal government after the end of each month's expenditures. The increase in receipts of \$17,243 was due to reimbursements for payments made to Illinois State University (ISU) totaling \$22,140, which were received from the federal government in Fiscal Year 2006.

BETWEEN FISCAL YEAR 2004 AND 2005

Receipts are drawn down from the Federal government after the end of each month's expenditures. The decrease in receipts of \$20,817 was specifically due to timing differences and a decrease in activity level from the federal grant given to the Board. Receipts for Fiscal Year 2005 lapse period expenditures were received in Fiscal Year 2006.

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

AGENCY FUNCTIONS AND PLANNING PROGRAM

Agency Functions

The Sex Offender Management Board (Board) was established by the Sex Offender Management Board Act (20 ILCS 4026/1 et seq.) on July 22, 1997 to standardize the evaluation, identification, counseling, and continued monitoring of sex offenders at each stage of the criminal or juvenile justice systems or mental health systems.

The members of the Board as of June 30, 2006 were:

Cara Smith, Chairperson	Shauna Boliker
Jeff Brown	Ed Burnette
Carol Corgan	Sheryl Essenburg
Norb Goetten	Catherine Haberkorn
Douglas Hopwood	Lori Levin
Howard Levine	Ron Matekaitis
Verlin Meinz	Thomas Monohan
Susan Netznik	Tracie Newton
Debra Nickerson	Sergio Parisi
Mike Scholz	Scott Summers
Rena VanTine	Alyssa Wood
Diana Clegg	

The Board entered into an interagency agreement with Illinois State University (ISU) to evaluate the effectiveness of monitoring offender behaviors and adherence to prescribed behavioral changes. The ISU study also helped to establish the factors and criteria to determine an offender's ability to pay for their treatment, and helped the Board explore other funding sources including federal, state, and private funds. The results of this study concluded that treatment is a vital component for sex offenders on probation. For each county visited by the research team, researchers noted the counties had begun or were about to use Board funds to expand the use of polygraph tests to assist in developing individual treatment plans for sex offenders and in monitoring their progress through treatment.

The Board also maintained a list of approved evaluators for the treatment and monitoring of felony sex offenders considered for probation. In addition, the Board maintained a list of approved facilities and individuals who can treat sex offenders sentenced to probation, conditional release, or periodic imprisonment. These lists are available on the Board's website.

STATE OF ILLINOIS
SEX OFFENDER MANAGEMENT BOARD
ANALYSIS OF OPERATIONS
For the Two Years Ended June 30, 2006

AGENCY FUNCTIONS AND PLANNING PROGRAM (CONTINUED)

Agency Planning Program

The Board's mission is "to develop and implement standards and laws to protect victims and communities and to hold offenders accountable through the identification, treatment, and monitoring of both adult and juvenile sex offenders." Its goals are:

- To use state-of-the-art assessment, treatment, supervision, and polygraph in the management of sex offenders;
- To establish a system of implementation and enforcement of standards across the criminal justice system, juvenile justice system, private providers, and monitoring agencies; and
- To contain all sex offenders to protect victims and increase public safety.

Auditor's Assessment of Planning Program

The Sex Offender Management Board's planning program appears adequate in meeting its statutorily defined functions.

AVERAGE NUMBER OF EMPLOYEES

The Board did not have any permanent employees during the examination period. The Board hired two contractual employees, whose employment ended in September 2005, and relied upon staff of the Office of the Attorney General to perform all administrative and fiscal functions.