

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND  
PROFESSIONAL REGULATION**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2010**

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



**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2010**

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DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

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**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**AGENCY OFFICIALS**

**Secretary:**

September 2005 to December 2008

December 2008 to June 2009

July 2009 to present

Mr. Dean Martinez

Mr. Michael McRaith (acting)

Mr. Brent Adams

**Chief of Staff:**

January 2008 to June 2009

July 2009 to present

Mr. Brent Adams

Ms. Susan Gold

**Chief Fiscal Officer:**

April 2007 to present

Mr. Tony Goldstein

**General Counsel:**

March 2008 to present

Mr. Kevin Connor

**Director of Administrative Services:**

September 2005 to March 2009

July 2009 to present

Mr. James Marron

Ms. Cathy Gonzalez

**Director of Information Technology:**

February 2007 to April 2010

April 2010 to present

Mr. Dom Greco

Mr. Chris Morrison (acting)

**Director of Legislative Affairs:**

March 2007 to November 2009

November 2009 to December 2010

March 2011 to present

Ms. Melissa Hansen

Ms. Farah Muscadin

Ms. Maren Ronan

**Director of the Division of Professional Regulation:**

July 2004 to April 2010

April 2010 to present

Mr. Dan Bluthardt

Mr. Don Seasock (acting)

**Director of the Division of Financial Institutions:**

February 2008 to present Mr.

Robert Meza

**Director of the Division of Banking:**

May 2007 to February 2009

February 2009 to present

Mr. Jorge Solis

Mr. Manny Flores

Agency offices are located at:

320 West Washington Street  
3rd Floor  
Springfield, IL 62786

James R. Thompson Center  
100 West Randolph, 9th Floor  
Chicago, IL 60601

122 South Michigan Avenue, 19<sup>th</sup> Floor  
Chicago, IL 60604



# **Illinois Department of Financial and Professional Regulation**

## **Office of the Secretary**

**PAT QUINN**  
Governor

**BRENT E. ADAMS**  
Secretary

### **MANAGEMENT ASSERTION LETTER**

April 22, 2011

Sikich LLP  
Certified Public Accountants & Business Advisors  
3201 West White Oaks Dr., Suite 102  
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the 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, 2010. Based on this evaluation, we assert that during the years ended June 30, 2009 and June 30, 2010, 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. 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.

April 22, 2011  
Management Assertion Letter  
Page Two

- E. 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,

Department of Financial and Professional Regulation



Brent E. Adams, Secretary



Tony Goldstein, Chief Fiscal Officer



Kevin J. Connor, General Counsel

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**COMPLIANCE REPORT**

**SUMMARY**

Effective July 1, 2004, Executive Order Number 6 (2004) abolished the Department of Professional Regulation (DPR), Department of Insurance (DOI), Department of Financial Institutions (DFI) and Office of Banks and Real Estate (BRE) and transferred all the rights, powers and duties vested in these Agencies to the newly created Department of Financial and Professional Regulation. Effective June 1, 2009, Executive Order 2009-04 again reorganized the Department, re-establishing the Department of Insurance. On July 1, 2009, the Department of Insurance received appropriations and assumed fiscal responsibilities.

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' 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>Current Report</u>	<u>Prior Report</u>
Findings	10	19
Repeated findings	10	16
Prior recommendations implemented or not repeated	9	2

Details of findings are presented in a separately tabbed report section.

**SCHEDULE OF FINDINGS**

FINDINGS (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
10-1	13	Inadequate controls over computer inventory	Material noncompliance, material weakness
10-2	15	Division of Professional Regulation enforcement activities not performed timely and/or not sufficiently documented	Noncompliance, significant deficiency



FINDINGS (STATE COMPLIANCE) - Continued

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
10-3	18	Deficiencies identified in controls over interagency agreements	Noncompliance, significant deficiency
10-4	20	Time sheets not maintained in compliance with the State Officials and Employees Ethics Act	Noncompliance, significant deficiency
10-5	22	Employee performance evaluations not performed on a timely basis	Noncompliance, significant deficiency
10-6	23	Controls over telecommunication services and expenditures	Noncompliance, significant deficiency
10-7	25	Inadequate controls over vehicle reporting	Noncompliance, significant deficiency
10-8	27	Failure to certify license and automotive liability coverage	Noncompliance, significant deficiency
10-9	28	Department Boards not fully staffed	Noncompliance, significant deficiency
10-10	33	Noncompliance with Residential Mortgage License Act of 1987	Noncompliance, significant deficiency

PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
A	35	Inaccurate property control records
B	35	Deficiencies identified with the CLEAR computer system
C	35	Failure to reconcile Department expenditure and fund records to the Illinois Office of the Comptroller records in a timely manner
D	35	Inadequate internal and administrative controls over locally held funds
E	36	Failure to enforce travel rules
F	36	Untimely approval or denial of life, accident, and/or health insurance policy forms **
G	36	Residential mortgage license examinations not conducted in accordance with statutory requirements
H	36	Failure to establish a Savings Bank Examiner Training Foundation
I	37	Recommendations presented in the Management Audit of Group Workers' Compensation Self-Insured Pools not implemented **

\*\* Due to the re-establishment of the Department of Insurance by Executive Order 2009-04, these findings will be addressed in the Department of Insurance compliance examination for the year ended June 30, 2010.

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Department personnel at an exit conference on April 4, 2011. Attending were:

DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

Brent	Adams	Secretary
	Sharisse Kimbro Jones	Ethics Officer
	Chris Morrison	Director of Information Technology (Acting)
	Kevin Connor	General Counsel
	David Espinoza	Director Mortgage Banking, Division of Banking
	Allison Perona	Deputy Director of Statewide Enforcement, Division of Professional Regulation (Acting)

OFFICE OF THE AUDITOR GENERAL

Peggy Hartson	Audit Manager
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SIKICH LLP

Nick	Appelbaum	Partner
Leslie	McConnell	Manager

Responses to the recommendations were provided by Sharisse Kimbro Jones in correspondence dated April 11, 2011.



3201 West White Oaks Drive, Suite 102 • Springfield, IL 62704

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

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Financial and Professional Regulation'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, 2010. The management of the State of Illinois, Department of Financial and Professional Regulation is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Department of Financial and Professional Regulation's compliance based on our examination.

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

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the State of Illinois, Department of Financial and Professional Regulation'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, Department of Financial and Professional Regulation's compliance with specified requirements.

As described in finding 10-1 in the accompanying schedule of findings, the State of Illinois, Department of Financial and Professional Regulation did not comply with requirements regarding:

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

Compliance with such requirements is necessary, in our opinion, for the State of Illinois, Department of Financial and Professional Regulation to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Illinois, Department of Financial and Professional Regulation complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2010. However, the results of our procedures disclosed other 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 10-2 through 10-10.

### **Internal Control**

The management of the State of Illinois, Department of Financial and Professional Regulation 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, Department of Financial and Professional Regulation'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, Department of Financial and Professional Regulation's internal control over compliance.

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

A *deficiency* in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance as described in the accompanying schedule of findings as item 10-1 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or 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 in internal control over compliance described in the accompanying schedule of findings as items 10-2 through 10-10 to be significant deficiencies.

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

The State of Illinois, Department of Financial and Professional Regulation'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, Department of Financial and Professional Regulation'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 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 2010 and 2009 Supplementary Information for State Compliance 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.

We have not applied procedures to the 2008 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.

*Seib* LLP

Springfield, Illinois

April 22, 2011

**10-1**      **FINDING:**    (Inadequate controls over computer inventory)

The Department was not able to locate various pieces of computer equipment during its annual inventories.

The Department conducts an annual physical inventory of all equipment with an acquisition cost of \$500 or more and annually reports its results to the Department of Central Management Services (CMS). In its fiscal year 2009 and 2010 Physical Inventory Reports submitted to CMS, the Department reported it was unable to locate 59 of 3,129 (2%) items totaling \$91,852 and 75 of 1,815 (4%) items totaling \$147,586, respectively.

Upon further inquiry with Department and CMS personnel, we noted the following:

- During fiscal year 2009, the missing equipment consisted of approximately 25 laptop computers, 7 desktop computers, and other peripheral items.
- During fiscal year 2010, the missing equipment consisted of approximately 21 laptop computers, 5 desktop computers, and other peripheral items.

The Department was unable to produce property transfer records or locate the missing computer equipment. The Department had not performed an assessment, and was unsure how much, if any, confidential information was on the missing computers.

The State Property Control Act (30 ILCS 605/4 and 6.02) requires the Department to be accountable for the supervision, control and inventory of all items under its jurisdiction and control. In addition, the Department had the responsibility to ensure that confidential information is protected from disclosure and that provisions in the Personal Information Protection Act (815 ILCS 530) are followed.

Department management stated its personnel assumed the missing items were transferred to and removed by CMS. Upon follow up with CMS, CMS personnel stated none of these missing items were included in its property control records.

Failure to follow up on missing computer equipment and failure to coordinate and verify the transfer of EDP equipment to CMS resulted in lack of control over State property and the risks associated with the potential exposure of confidential information. (Finding Code No. 10-1, 08-1)

**RECOMMENDATION:**

We recommend the Department evaluate procedures in place over the security of equipment. We also recommend the Department perform a detailed assessment to determine if any of the missing computers contained confidential information.



**DEPARTMENT RESPONSE:**

Concur. As a result of a previous external audit, the Department conducted an internal audit of all inventory procedures. The Department is implementing specific recommendations of that audit, including issuing property tags more promptly and implementing a reconciling process to ensure accuracy in the Quarterly Agency Report.

The Department has improved its inventory procedure to better track the internal movement of computer equipment within the Department and to document, in hard copy and electronic format, when equipment is moved. In addition, the Department has acquired a new inventory program that includes state-of-the-art scanning equipment that immediately matches inventory with inventory records maintained by the Department and CMS. This will enable the Department to more quickly identify any missing equipment. Moreover, a hard copy verification of equipment movement is now maintained by both the Information Technology Division and the Administrative Services Division.

The Department's computers are secure from access by unauthorized third parties. All of the Department's computers are password protected. Only the person assigned the computer, Agency IT staff with administrative rights, or CMS IT personnel have the ability to override or change the password. Also, confidential information accessed through a desktop computer resides on the network, not on the resident hard drive. Agency staff is instructed not to save any licensing or enforcement data to the desktop hard drive.

In the past, computers that were not located during the Department's inventory had been transferred to CMS surplus without the proper paperwork. There were also some instances of inadequate transfer paperwork when the Department of Insurance spun-off from the Department.

**10-2**      **FINDING:**    (Division of Professional Regulation enforcement activities not performed timely and/or not sufficiently documented)

The Department's Division of Professional Regulation's Enforcement Unit did not perform and/or document enforcement activities in a timely or sufficient manner.

The Department has established and implemented guidelines and time frames for significant investigation, prosecution, and probation/compliance activities of the Enforcement Unit. Since the Department did implement guidelines to ensure that the investigation and prosecution activity is initiated and completed within reasonable time parameters, we used their guidelines and time frames as the criteria for our tests.

We reviewed 25 investigation files and noted the following deficiencies:

- In 3 out of 25 (12%) case files reviewed, the Investigative Reports were not generated in a timely manner. The completion of the investigative reports ranged from 526 to 1,171 days after the investigative activity.
- In 4 out of 25 (16%) case files reviewed, we noted that the investigator did not interview the complaining witness in a timely manner from the date assigned to the case.
- In 1 out of 25 (4%) case files reviewed, an Investigative Report was not included in the file.
- In 1 out of 25 (4%) case files reviewed, the Consumer Services Inquiry Form did not have a document attached explaining the complaint in detail.
- In 1 out of 25 (4%) case files reviewed, an Investigative Summary Report was not included in the file.
- In 1 out of 25 (4%) case files reviewed, the investigator did not check the license status of the respondent within 30 calendar days of initial receipt of complaint.
- In 2 out of 25 (8%) case files reviewed, the Investigative Report and/or the Investigative Summary Reports were not signed by the investigator and/or the supervisor.
- In 2 out of 25 (8%) case files reviewed, the file did not contain a complaint intake form, internet complaint intake form, complaint report, letter stating a claim, or an e-mail letter stating a claim.

We reviewed 25 probation files and noted the following deficiencies:

- In 2 out of 25 (8%) case files reviewed, a copy of the original contact letter was not included in the file.
- In 1 out of 25 (4%) case files reviewed, an Investigative Report was not included in the file.
- In 1 out of 25 (4%) case files reviewed, an Integrated Licensing and Enforcement System (ILES) discipline page was not included in the file.
- In 1 out of 25 (4%) case files reviewed, we were unable to verify if the Probation Investigator met with the respondent within 30 days of the assignment.

We reviewed 25 prosecution files and noted the following deficiency:

- In 2 out of 25 (8%) case files reviewed, the Investigative Report was not signed by the supervisor.

The activity of investigators and attorneys should be performed within reasonable time frames to allow for the accumulation of competent and sufficient evidence relating to complaints and to provide for timely prosecution of licensees. Furthermore, good internal controls require the Department to enforce its internal policies and procedures and maintain adequate documentation. The State Records Act (5 ILCS 160/8) states in part, “The head of each agency shall cause to be made and preserved records containing adequate and proper documentation of the...decisions...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.”

Department personnel stated the Department is in the process of strengthening its controls over the monitoring of cases via the revision of the Enforcement’s Policy and Procedure Manual. Department personnel stated the revised system of review will allow supervisors to more closely monitor the progress of cases (for timeliness of activities and for documentation of ministerial activity).

In carrying out the Department’s mission to serve, safeguard, and promote the public welfare, the Department has a responsibility to expeditiously discipline licensees who violate the governing regulations to prevent further harm to the public. Continued deficiencies in the enforcement process could place the public at risk to licensees who are not fulfilling their responsibilities. (Finding Code No.10-2, 08-2, 07-1, 06-3, 05-5, DPR 04-12)

**RECOMMENDATION:**

We recommend the Department comply with the State Records Act and maintain the documentation required within its Enforcement Unit files. Further, we continue to recommend the Department allocate the resources necessary to comply with its internal guidelines for the Enforcement Unit to ensure that case files reflect necessary and significant investigative, prosecution, and probation/compliance activities in the Department within its established time frames.

**DEPARTMENT RESPONSE:**

Concur. IDFPR is reallocating resources and implementing new procedures in order to ensure that documentation is maintained in accordance with the State Records Act and all applicable internal policies. In order to ensure that all activities are performed in a timely manner and that all necessary documentation is maintained in case files, the Department is in the process of upgrading both its case review and oversight procedures. Through more detailed supervisory reviews and also through the addition of reviews by the Department's new internal audit group, IDFPR will be able to identify and address issues (and their root causes) in a timely manner—thereby enabling the Department to better comply with all relevant mandates and guidelines.

**10-3**      **FINDING:**    (Deficiencies identified in controls over interagency agreements)

The Department's controls over interagency agreements were deficient.

During our examination of seven interagency agreements (three between the Department and the Governor's Office of Management and Budget, two between the Department and the Governor's Office of Management and Budget and the Department of Labor, one between the Department and the Department of Central Management Services, and one between the Department and the Department of Insurance) during fiscal years 2009 and 2010, the following deficiencies were noted:

- In 4 of 7 (57%) interagency agreements tested pertaining to employee's salaries, employees were paid in excess of the salaries noted in the agreements.
  - In fiscal year 2009, an employee working for the Department and the Governor's Office of Management and Budget was paid \$62,328, \$1,800 more than the agreement specified.
  - In fiscal year 2009, an employee working for the Department, the Governor's Office of Management and Budget, and the Department of Labor was paid \$99,804, \$36,151 more than the agreement specified.
  - In fiscal year 2010, an employee working for the Department and the Governor's Office of Management and Budget was paid \$68,699, \$13,195 more than the agreement specified.
  - In fiscal year 2010, an employee working for the Department, the Governor's Office of Management and Budget, and the Department of Labor was paid \$93,667, \$25,662 more than the agreement specified.
- 5 out of 7 (71%) interagency agreements tested, totaling \$344,680, were not signed by all necessary parties before the effective date. Four of the 5 agreements were signed 13 to 80 days late while 1 agreement was not signed by one of the parties.
- 3 out of 7 (43%) interagency agreements tested pertaining to legal and administrative services (between the Department and the Governor's Office of Management and Budget), totaling \$213,032, did not include supporting documentation detailing the methodology used for determining the percent allocation to be paid by the Department for billing of shared costs.
- In 2 of 7 (29%) interagency agreements tested totaling \$131,658, between the Department, the Department of Labor, and the Governor's Office of Management and Budget, the Department could not demonstrate that an employee paid from the multiple agencies (67% from the Department, 33% from the Department of Labor, and 0% from the Governor's Office) was working on Department related activities. No supporting documentation existed detailing the methodology used for determining the percent allocation to be paid by each State Agency noted in the interagency agreement.

The Department enters into multiple agreements with other State Agencies and other units of government. The purpose of these agreements is to assist the Department in fulfilling its mandated mission. In order to assess whether the agreement is reasonable, appropriate, and sufficiently documents the responsibilities of the appropriate parties, the agreement needs to be approved prior to the effective date, and include proper documentation supporting the percent allocation used for billings.

The State Records Act (5 ILCS 160/8) states, —The head of each agency shall cause to be made and preserved 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.”

Department personnel stated the Department was a party to the agreements and shared in the costs in connection with employment and labor litigation issues relating to the Agency.

Prudent business practices require the approval of agreements prior to the effective date and proper documentation supporting the billing and payment of services to ensure the Department’s expenditures are proper. (Finding Code No. 10-3, 08-3, 07-2, 06-2)

**RECOMMENDATION:**

We recommend the Department ensure all interagency agreements are signed by all parties prior to the effective date of the agreement and that employees are not paid more than the maximum amount specified in the agreement. Further, the Department should require all interagency agreements include methodology supporting the percent allocation.

**DEPARTMENT RESPONSE:**

Concur. Administration of payroll is a responsibility of Administrative and Regulatory Shared Services Center (Shared Services). Shared Services routinely monitors personal services contracts (PSCs) with respect to projected overpayments. DFPR has requested that Shared Services similarly monitor intergovernmental agreements (IGAs). When an overpayment is forecasted by Shared Services, the Department will execute an appropriate amendment to the IGA.

With respect to IGAs that require agencies to divide payroll costs, the Department will endeavor to determine if there is a feasible methodology to monitor parties’ assumption of payment obligations. If no methodology is appropriate, the Department will determine the feasibility of these types of IGAs going forward. The Department will endeavor to approve all IGAs prior to the performance of services thereunder.

**10-4**      **FINDING:**    (Time sheets not maintained in compliance with the State Officials and Employees Ethics Act)

The Department is not maintaining time sheets for employees in compliance with the State Officials and Employees Ethics Act (Act).

The Department expended \$49,320,203 and \$34,505,744 for payroll and had an average of approximately 783 and 525 employees during fiscal years 2009 and 2010, respectively.

The Department's official timekeeping system is the Central Management Services (CMS) payroll system, which tracks time using a "negative" approval, whereby the employee is assumed to be working unless noted otherwise. However, the Department implemented an additional timekeeping system, the Ethics Timekeeping Work Diary, during fiscal year 2008 that is used to track time for all Department employees. The Ethics Timekeeping Work Diary tracks time all employees spend each day on official State business to the nearest quarter hour.

During our testing of the Department's Ethics Timekeeping Work Diary, we noted the following:

- In 7 out of 25 (28%) employee Ethics Timekeeping Work Diary's reviewed, time was not entered for any days worked by the employee for the selected pay period.
- In 10 out of 25 (40%) employee Ethics Timekeeping Work Diary's reviewed, time was not entered in the work diary for every day worked by the employee for the selected pay period.

The Act requires the Department to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5 (c)) states, "The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour."

Department management stated that employee orientation has been transferred to Shared Services and training in the use of the Ethics Timekeeping Work Diary is not part of the orientation process. They further stated there were employees who have not integrated the Ethics Timekeeping Work Diary entries into their work responsibilities. Department management stated they plan to provide periodic reminders to employees and post them on the Department's intranet about the system and its use.

In response to this previous finding, the Department stated it would send an agency-wide reminder to staff about the importance of making timely entries into the Ethics Timekeeping Work Diary. Reminders have not been effective and the Department should consider disciplinary action against employees who fail to maintain appropriate time records. They also responded the Department will coordinate with Administrative and Regulatory Shared Services to ensure new employees receive orientation regarding the Work Diary. This is still not part of the orientation process.

By not maintaining appropriate timekeeping records, the Department is not monitoring employees' time spent on official State business as required to comply with the Act. (Finding Code No. 10-4, 08-8, 07-6, 06-11, 05-12, DPR 04-7, DFI 04-2)

**RECOMMENDATION:**

We recommend the Department monitor the entries made into the Ethics Timekeeping Work Diary to ensure compliance with the Act. We further recommend the Department take disciplinary action against employees who continue to violate Department personnel policies requiring timesheets.

**DEPARTMENT RESPONSE:**

Concur. The Department has instituted a policy of sending agency-wide reminders regarding the importance of timely entries in the Ethics Timekeeping Work Diary and has cited to relevant portions of the Policy/Procedures Manual, which indicate that discipline may result for not entering time. The Department is also doing periodic audits of Ethics Timekeeping. From October 2009 to date, three Pre-Disciplinary Hearings were held with counseling as a result.

The Executive Staff, including the Secretary, Chief of Staff, Ethics Officer, IT Director, General Counsel and Senior Deputy General Counsel received access on March 29, 2011, to the Work Diary of all employees so that entries can be monitored.

Finally, the Department is establishing a system to notify employees at the close of each pay period that ethics timekeeping is due.



**10-5**      **FINDING:**    (Employee performance evaluations not performed on a timely basis)

The Department did not conduct employee performance evaluations on a timely basis.

During our testing, we noted 18 out of 25 (72%) employees sampled did not have a performance evaluation performed on a timely basis. These untimely evaluations included 2 evaluations that were not prepared or completed during the fiscal year and 16 evaluations that were completed between 1 and 257 days late.

The Illinois Administrative Code (80 Ill. Adm. Code 302.270(d)) requires performance records to include an evaluation of employee performance prepared by each agency not less often than annually. In addition, the Illinois Administrative Code (80 Ill. Adm. Code 310.450 (b)) requires that evaluations be completed prior to when annual merit increases are awarded.

Department officials stated the State of Illinois Administrative and Regulatory Shared Services Center sends out an initial notification to the supervisor to remind them that evaluations are due, but evaluations continue to be untimely.

Without performance evaluations there is no documented basis for promotion, demotion, discharge, layoff, recall, or reinstatement. (Finding Code No. 10-5, 08-9, 07-7, 06-12, 05-13, DPR 04-6, 03-4, 01-4, 99-17, 97-20, 95-17, 93-26, BRE 04-9)

**RECOMMENDATION:**

We continue to recommend the Department implement controls to ensure evaluations are completed on a timely basis and hold management personnel accountable for completing employee performance evaluations on a timely basis.

**DEPARTMENT RESPONSE:**

Concur. The Department is working with the Administrative & Regulatory Shared Services Center to implement a new system of timely notification to supervisors.

**10-6**      **FINDING:**    (Controls over telecommunication services and expenditures)

The Department did not maintain adequate controls over telecommunication services and expenditures.

The Department expended \$593,280 and \$938,580 for telecommunications services during fiscal years 2010 and 2009, respectively.

During our testing of detail billings for telephone and cell phone charges to determine if the Department performed a timely review of the vendor invoices and monitored charges for services and expenditures to ensure unnecessary expenditures were eliminated, proper services was provided, and misuse of telecommunications services did not occur, we noted the following:

- Detail phone line billings related to January 2009, May 2009, October 2009, and January 2010 included 475 of 3,859 (12%) detail phone line billings that had not been approved as of the date of our testing, October 2010. However, the Department paid these invoices prior to receiving approval from the responsible reviewer.
- During our review of telephone credit card cancellations, we noted the Department failed to timely submit *Telephone Credit Card Request* forms to the Department of Central Management Services for 29 of 40 (73%) separated employees. The forms were submitted 61 to 1,598 days after the employee separation. Prior to cancellation by the Department, these employees continued to have access to State telephone credit cards. However, no additional charges were noted after employee separation.

The Department of Central Management Services (CMS), Division of Telecommunications, “A Guide to Services and Procedures” (November 2003) (Guide), requires each agency to appoint a Telecommunications Coordinator, designated by the Agency’s director or executive officer, to interface with CMS on all telecommunications needs. Specific responsibilities of a telecommunications coordinator are: review all communications requests within the Agency to ensure compliance with CMS and Agency guidelines; determine user needs and approve requests for service and equipment which are in compliance with established guidelines; coordinate on all projects involving telecommunications services, including submitting completed service request forms; develop a program for monitoring services and expenditures to ensure that unnecessary expenditures are eliminated and a proper level of service is provided; and monitor the use of telecommunications services by the Agency for the specific purposes of identifying the misuse of telecommunications services and any need for instruction and/or training.

According to Department personnel, billings were distributed and approved untimely due to difficulties in obtaining employee cooperation in completing the reviews. Additionally, telephone credit cards were not properly canceled timely due to oversight and the transferring of duties as a result of the deconsolidation of the Division of Insurance from the Department.

These weaknesses could lead to excessive or unnecessary expenditures for telecommunications services. (Finding Code No. 10-6, 08-11, 07-10, 06-15, 05-15, DPR 04-9, 03-8, BRE 04-10)

**RECOMMENDATION:**

We recommend the Department enforce procedures to ensure monitoring of telecommunications charges and services, as well as adherence to CMS guidelines and Department policies.

**DEPARTMENT RESPONSE:**

Concur. The Department will continue to stress to employees the importance of completing timely reviews of monthly telecommunications services and expenditures. The Department strives to obtain approval of detailed billings before invoices are paid, but even in the absence of such approval, IDFPR pays the invoices timely to avoid incurring late fees. To the extent a charge is disputed after an invoice has been paid; the Department will dispute the charge and seek reimbursement or credit.

As for calling cards, the Department is deactivating all calling cards.

**10-7**      **FINDING:**    (Inadequate controls over vehicle reporting)

The Department did not maintain adequate controls over vehicle reporting.

The Department expended \$237,300 for operation of automotive equipment expenditures and operated an average of 74 vehicles during fiscal year 2009. During fiscal year 2010, the Department expended \$206,797 for operation of automotive equipment expenditures and operated an average of 72 vehicles.

The Department has not yet standardized its policies and procedures and relies on various legacy agency vehicle policies and procedures.

During previous examinations, we noted the Department relied on the Illinois Administrative Rules promulgated by the Department of Central Management Services (CMS) (44 Ill. Adm. Code 5040) as its vehicle policies. These rules are general in nature and without updated internal written policies and procedures, little guidance exists for employees on timing and completion of various automotive forms.

We generally followed CMS rules and existing legacy policies to test controls over vehicle reporting and operation of automotive equipment expenditures.

During our testing of the Department's accident reports filed and vehicle maintenance records, we noted the following:

- In 1 out of 20 (5%) accident files reviewed, the ~~Motorist's~~ "Report of Illinois Motor Vehicle Accident" Form SR-1 on the Illinois Motorist Report was missing; therefore, we were unable to determine if the form was filed with the Department within two working days, as required by existing Department vehicle policies.
- In 4 out of 20 (20%) accident files reviewed for the examination period, the Form SR-1 with an Auto Liability Uniform Cover Letter was not filed with CMS' Risk Management within seven calendar days of the accident, as required by the CMS' Vehicle Policy. The forms were filed from 12 to 24 days late.
- In 5 out of 20 (25%) accident files reviewed for the examination period, the Form SR-1 on the Illinois Motorist Report was not filed with the Department within two working days of the accident, as required by existing Department vehicle policies. The forms were filed from 3 to 16 days late.

- In 1 out of 20 (5%) accident files reviewed for the examination period, the Form SR-1 on the Illinois Motorist Report was not signed by the motorist as required.
- In 4 out of 15 (27%) vehicles tested for proper vehicle maintenance, an oil change was not performed once every 5,000 miles, as required by existing Department vehicle policies. We noted the mileage at the time of the oil change ranged from 5,184 to 8,323 miles.

In a response to a prior finding, the Department stated they would include a vehicle policy in its updated policy manual to ensure better controls over the operation of automotive equipment and expenditures.

Department personnel stated the Department currently follows CMS' vehicle policies and procedures. However, these policies and procedures are not specific enough to regulate the operational needs for the Department and may be the reason for non-compliance of employees. During the current examination, Department officials stated that a new vehicle policy has been developed and is currently in the process of being reviewed for approval.

Failure to have specific Department policies and procedures may result in misappropriation of assets, misuse of State funds or undue liability to the Department or State for inappropriate use of State vehicles. (Finding Code No. 10-7, 08-12, 07-11, 06-16, 05-16, DPR 04-10, 03-9, BRE 04-7)

**RECOMMENDATION:**

We recommend the Department review and approve a Vehicle Policy to ensure adequate controls over the operation of automotive equipment and expenditures. Further, Department management should communicate the policies to all employees and implement disciplinary actions for noncompliance to ensure that employees comply with Department policies over vehicle usage.

**DEPARTMENT RESPONSE:**

Concur. The Department will continue to make efforts to communicate to all employees the policies and procedures regarding vehicle usage, including the requirement to complete an SR-1 Accident form and submit it to the Vehicle Coordinator within 2 business days of the accident. The Department is finalizing its updated Vehicle Policy, which will include requiring employees to properly maintain vehicles and to complete an SR-1 Accident form within the requisite time frame. The Department has taken steps to improve routine maintenance by way of updating the Automotive Monthly Log Report to include oil change maintenance.

**10-8**      **FINDING:**    (Failure to certify license and automotive liability coverage)

The Department did not properly certify license and automotive liability coverage for individuals assigned a State vehicle in compliance with Illinois Vehicle Code (Code).

The Illinois Vehicle Code (625 ILCS (5/7)-601(c)) requires every employee of a State agency, who is assigned a specific vehicle owned or leased by the State on an ongoing basis, to provide a certification annually to the Director. The certification shall affirm that the employee is duly licensed to drive and that the employee has liability insurance coverage extending to the employee when the assigned vehicle is used for other than official State business. The certification shall be provided during the period July 1 through July 31 of each calendar year or within 30 days of any new assignment of a vehicle on an ongoing basis, whichever is later.

We tested 25 employees personally assigned a State vehicle during fiscal year 2009 and/or fiscal year 2010 for a total of 46 certifications and noted the following:

- In 2 out of 46 (4%) certification forms selected for review, no certification was filed with the Department.
- In 44 out of 46 (96%) certification forms reviewed, the certification was not submitted by July 31<sup>st</sup> or 30 days after the individual was assigned a vehicle, whichever is later. The filing of forms ranged from 22 to 255 days late.

According to Department officials, the Vehicle Coordinator position has been vacant for a majority of the engagement period which caused a delay in notifying and retrieving the insurance certifications in a timely manner.

Failure to obtain an employee certification as required by the Code could result in undue risk of loss to the State for injury or damage. (Finding Code No. 10-8, 08-13)

**RECOMMENDATION:**

We recommend the Department obtain certification forms for license and automotive liability insurance for employees assigned State vehicles, as required by statute, or rescind an employee's authority to use a State assigned vehicle if they refuse to provide the required certification.

**DEPARTMENT RESPONSE:**

Concur. Recent Department efforts have brought all records up to date. Our new policy and practice prohibits use of a state vehicle unless the automobile license and insurance certification form is on file. The forms are renewed annually and reminder notices will be sent to employees at the beginning of June to ensure compliance by the beginning of the new fiscal year.

**10-9**      **FINDING:**    (Department Boards not fully staffed)

The Secretary of the Department did not ensure the appointment of the required number of members to the various Boards in order to fill vacancies.

- The Secretary of the Department did not appoint 2 members to the Board of Nursing in order to fill vacancies. Vacancies existed for one LPN and one Direct Care RN. The Nurse Practice Act (Act) (225 ILCS 65/50-65) requires the Secretary to solicit recommendations from nursing organizations and appoint the Board of Nursing which shall consist of 13 members, one of whom shall be a practical nurse; one of whom shall be a practical nurse educator; one of whom shall be a registered professional nurse in practice; one of whom shall be an associate degree nurse educator; one of whom shall be a baccalaureate degree nurse educator; one of whom shall be a nurse who is actively engaged in direct care; one of whom shall be a registered professional nurse actively engaged in direct care; one of whom shall be a nursing administrator; 4 of whom shall be advanced practice nurses representing CNS, CNP, CNM, and CRNA practice; and one of whom shall be a public member who is not employed in and has no material interest in any health care field. In addition, the Act requires that the membership terms be for 3 years ... No member shall be appointed to more than 2 consecutive terms.
- The Department's Division of Professional Regulation was not in compliance with the provisions of the Pharmacy Practice Act of 1987 (Act) (225 ILCS 85/10) regarding the State Board of Pharmacy. During our testing we noted six of nine (67%) positions (licensed pharmacist) were held by individuals with terms that expired in April 2007 (2 positions), April 2009 (2 positions), and April 2010 (2 positions). The Act requires the Governor to appoint members to the State Board of Pharmacy. The Board shall consist of 9 members, 7 of whom shall be licensed pharmacists...in good standing in this State, a graduate of an accredited college of pharmacy or hold a Bachelor of Science degree in Pharmacy and have at least 5 years' practical experience in the practice of pharmacy. There shall be 2 public members, who shall be voting members, who shall not be licensed pharmacists in this State or any other state.
- The Secretary of the Department did not appoint members to the Board of Orthotics, Prosthetics, and Pedorthics (Board). During our testing we noted that four of six (67%) positions were held by individuals with expired terms. We also noted that one of six (17%) positions (public member) has been vacant since October 2006. The Orthotics, Prosthetics, and Pedorthics Practice Act (Act) (225 ILCS 84/25) requires the Secretary of the Department to appoint 6 voting members to the Board. Three members shall be practicing licensed orthotists, licensed prosthetists, or licensed pedorthists. These members may be licensed in more than one discipline and their appointments

must equally represent all 3 disciplines. One member shall be a member of the public who is a consumer of orthotic, prosthetic, or pedorthic professional services. One member shall be a public member who is not licensed under this Act or a consumer of services licensed under this Act. One member shall be a licensed physician.

- The Department's Division of Financial Institutions was not in compliance with the provisions of the Currency Exchange Act (Act) (205 ILCS 405/22.03) regarding the Board of Currency Exchange Advisers. During our testing we noted that five out of seven (71%) board positions were vacant. We noted that two positions have been vacant since January 1998, and three positions have been vacant since January 1999. Department personnel stated they were unaware of when the Board last met. The Act requires the Governor to appoint 7 members to the Board of Currency Exchange Advisers. The Board is composed of no more than 4 of whom may be members of the same political party, 3 persons who are familiar with and associated in the field of currency exchanges, 2 of whom shall have been actively engaged in the management of currency exchanges for at least 5 years prior to the date of appointment; one person who is a public aid recipient at the time of appointment; and 3 persons who shall represent the public. The Act further requires the Board to have the following duties:
  - To obtain from the Director such reports concerning the supervision and regulation of currency exchanges as they consider desirable.
  - To advise the Governor and the Director on problems concerning currency exchanges.
  - To foster the interest and cooperation of currency exchanges in improvement of their services to the people of the State of Illinois.
  - To advise of the Governor and the Director upon appointments and employment of personnel in connection with the supervision and regulation of currency exchanges.
  
- The Department's Division of Professional Regulation was not in compliance with the provisions of the Real Estate License Act of 2000 (Act) (225 ILCS 454/25-10). We noted that one of nine (11%) positions (public member) has been vacant since March 2002. Additionally, two of nine (22%) positions were held by individuals with terms that expired in October 2006 and October 2007, respectively. The Act requires the Governor to appoint 9 persons to the Board. Members shall be appointed to the Board subject to the following conditions:
  - (1) All members shall have been residents and citizens of this State for at least 6 years prior to the date of appointment.
  - (2) Six members shall have been actively engaged as brokers or salespersons or both for at least the 10 years prior to the appointment.
  - (3) Three members of the Board shall be public members who represent consumer interests



In addition, the Act requires the members' terms be 4 years and the expiration of their terms shall be staggered. Appointments to fill vacancies shall be for the unexpired portion of the term. A member may be reappointed for successive terms but no person shall be appointed to more than 2 terms or any part thereof in his or her lifetime.

- The Department's Division of Professional Regulation was not in compliance with the provisions of the Real Estate License Act of 2000 (Act) (225 ILCS 454/30-10). During our testing, we noted that 4 of 5 (80%) positions were held by individuals with terms that expired in October 2003, October 2006, October 2007, and October 2009. The Act requires the Governor to appoint 5 members to an Advisory Council within the Department's Division of Professional Regulation. The members shall serve 4 year staggered terms but no more than 12 years in a lifetime. Two of the members shall be licensees who are current members of the Real Estate Administration and Disciplinary Board, one member shall be a representative of an Illinois real estate trade organization who is not a member of the Board, one member shall be a representative of a licensed pre-license school or continuing education school, and one member shall be a representative of an institution of higher education that offers pre-license and continuing education courses. The Real Estate Coordinator shall serve as the chairman of the Advisory Council, ex officio, without vote.
- The Department's Division of Professional Regulation was not in compliance with the provisions of the Illinois Dental Practice Act (Act) (225 ILCS 25/6). During our testing, we noted that 4 of 11 (36%) positions (2 dentists, 1 dental hygienist, and 1 public member) were held by individuals with terms that expired in March 2008, July 2008, January 2010, and February 2010. The Act requires the Director to appoint members to the Board of Dentistry. The Board shall consist of eleven persons, 8 of whom have been dentists for a period of 5 years or more; 2 of whom have been dental hygienists for a period of 5 years or more, and one public member. The Board members shall serve a 4-year term and no member shall serve more than 2 full terms in his or her lifetime.
- The Secretary of the Department did not appoint members to the Illinois Occupational Therapy Licensure Board (Board). During our testing, we noted that 2 of 7 (29%) positions (1 Occupational Therapist Assistant and 1 physician) have been vacant since January 2004 and April 1999, respectively. We also noted that 3 of 7 (43%) positions were held by individuals with terms that expired in January 2007 (2 positions) and January 2006 (1 position). The Illinois Occupational Therapy Practice Act (Act) (225 ILCS 75/5) requires the Secretary of the Department appoint an Occupational Therapy Licensure Board consisting of 7 members who shall serve in an advisory capacity to the Secretary. The Board shall be composed of 1 physician licensed to practice medicine in all of its branches, 3 licensed Occupational Therapists in good standing and actively engaged in the practice of occupational therapy, 2 licensed Occupational Therapy Assistants in good standing and actively

engaged in the practice of occupational therapy, and 1 public member who is not licensed under the Act or a similar Act of another jurisdiction and is not a provider of health care services. The Board members shall serve a 4-year term and no member shall serve more than 2 full terms in his or her lifetime.

- The Department's Division of Professional Regulation was not in compliance with the provisions of the Real Estate Appraiser Licensing Act (Act) (225 ILCS 458/25-10) regarding the Real Estate Appraisal Administration and Disciplinary Board (Board). During our testing, we noted that 1 of 10 (10%) positions has been vacant since June 2006. The Act requires the Governor to appoint 10 members to the Board. The Board shall consist of 4 members that have been actively engaged and currently licensed as State certified general real estate appraisers, 2 members that have been actively engaged and currently licensed as State certified residential real estate appraisers for a period of not less than 5 years, 2 members licensed as a real estate broker for at least 10 years (1 as a State certified general real estate appraiser for a period of at least 5 years and 1 as a State certified residential real estate appraiser for a period of at least 5 years), 1 member as a representative of a financial institution, and 1 public member who is not licensed under the Act. The Board members shall serve a 4-year term and no member shall serve more than 10 years in a lifetime.
- The Secretary of the Department did not appoint members to the Barber, Cosmetology, Esthetics, and Nail Technology Board (Board). During our testing, we noted that 1 of 11 (9%) positions (salon owner) has been vacant since July 2003. We also noted that 6 of 11 (55%) positions were held by individuals with terms that expired in October 2002, September 2003, October 2004, May 2005, June 2005, and May 2006. The Barber, Cosmetology, Esthetics, and Nail Technology Act (Act) (225 ILCS 410/4-2) requires the Secretary appoint a Barber, Cosmetology, Esthetics and Nail Technology Board consisting of 11 members who shall serve in an advisory capacity to the Secretary. The Board shall be composed of at least 6 licensed cosmetologists including 2 that are owners of or major stockholders in a school of cosmetology and 2 that are salon owners or franchise representatives, 2 licensed barbers, 1 licensed esthetician or esthetics teacher, 1 licensed nail technician or nail technology teacher, and 1 public member who is not licensed by the Department. The Board members shall serve a 4-year term and no member shall be reappointed for more than 2 terms.

Department management stated they are currently reviewing qualified candidates to fill the vacancies. Department management stated it is difficult to find willing candidates to fill the positions. Reappointments were not made due to oversight.

Failure to appoint Board members may prevent the Boards from carrying out their mandated duties of regulating these professions or companies in accordance with the Acts cited. Board members should be appointed in a timely manner in order to properly formulate the function of the Boards as intended. A full board is necessary to properly conduct meetings and operate effectively and efficiently. (Finding Code No. 10-9, 08-14, 07-12, 06-28, 05-25, BRE 04-16)

**RECOMMENDATION:**

We recommend the Secretary appoint qualified members to these Boards as required by the Acts cited and reappoint applicable Board members in a timely manner. In those cases where the Governor's Office is required to appoint the Board members we recommend the Department work with the Governor's Office to fill Board vacancies by appointing qualified members to the Boards.

**DEPARTMENT RESPONSE:**

Concur. The Department has made substantial progress in filling board vacancies, and we are engaging in an ongoing process of filling vacancies as terms expire. In addition, the Department has been proactive in the recruitment of new board members to fill vacancies by outreach to community leaders and organizations. Of the boards that were part of this finding, two now have no vacancies: Social Work Board and Board of Nursing. The Department spearheaded an initiative to reconstitute the State Banking Board, and as a result, the board now has 12 positions instead of 17. The Board is actively recruiting candidates for this board.

The Board of Debt Management Service Advisors was abolished by statute on 8/3/10. And, a bill is moving through the legislature that would abolish the Board of Currency Exchange Advisors.

**10-10 FINDING:** (Noncompliance with Residential Mortgage License Act of 1987)

The Department's Division of Banking (Division) was not in compliance with provisions of the Residential Mortgage License Act of 1987 (Act) (205 ILCS 635).

We noted the following:

- A sample of 25 licensees was selected from a universe of 811 licensees. According to the Agency's "MB – Audits Received Report – MB Only Report" as of June 30, 2010, 16 of 25 (64%) of the licensees tested did not submit an annual audit report within 90 days of their fiscal year end. The reports were filed from 1 to 138 days late, with 3 of the 16 reports still not filed as of February 2011. These unfiled reports were due March 31, 2010.

Furthermore, the Commissioner (Secretary of Department or his designee) did not cause the licensees to pay a fee at the rate of \$50 per calendar day for all audit reports not delivered timely. The Act (205 ILCS 635/3-2(d)) requires that the most recent audit report be filed with the Commissioner within 90 days after the end of the licensee's fiscal year. The Illinois Administrative Code (38 Ill. Adm. Code 1050.430) states that if audit reports are not delivered within 90 days, unless extended for cause by the Director, the licensee shall pay a fee at the rate of \$50 per calendar day for up to three months. The Department did not collect fees totaling \$38,000 for the untimely submission of the annual audit reports.

- 3 of 15 (20%) licensees tested were not examined by the Department in a timely manner. The examinations were performed between 20 and 58 months late. The Illinois Administrative Code (38 Ill. Adm. Code 1050.425) states that licensees shall be examined at least once every 12-36 months, the frequency determined by the previous examination rating.
- 1 of 15 (7%) licensees tested did not maintain the adequate amount of net worth but was subsequently issued a license by the Department. The Act (205 ILCS 635/3-5) requires that a licensee maintain a net worth of \$150,000 or \$50,000 if the only licensable activity is that of brokering residential mortgage loans.

Department management stated that the above matters were the result of backlogs caused by staff shortages in previous years and due to Department oversight.

Failure to enforce the Act results in having inadequate financial information to properly regulate residential mortgage lenders and ensure protection of the citizens of Illinois. (Finding Code No. 10-10, 08-18, 07-17, 06-21, 05-23, BRE 04-12, 02-3)

**RECOMMENDATION:**

We continue to recommend the Department implement procedures to ensure compliance with provisions of the Residential Mortgage License Act of 1987.

**DEPARTMENT RESPONSE:**

Concur. Staffing assignments have been updated to ensure the collection of fees for untimely submission of the annual audit reports. The Department eliminated the Mortgage Banking examination backlog as of July 2009, and is currently maintaining a timely examination schedule. The Department continues to review and enhance its internal procedures to ensure licensee compliance with the net worth requirement.

**PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)**

**A. FINDING:** (Inaccurate property control records)

During the prior engagement period, the Department did not maintain complete and accurate property control records. Items could not be located, obsolete items were on the Department's property control listing, and items were reported at incorrect values.

During the current period, our sample testing disclosed fewer inaccuracies in property control records. As a result, this finding is not repeated. (Finding Code No. 08-4, 07-9, 06-14)

**B. FINDING:** (Deficiencies identified with the CLEAR computer system)

During the prior engagement period, the Department's Division of Banking's Credentialing Licensing Enforcement and Regulation (CLEAR) computer system contained significant deficiencies.

During the current period, our sample testing did not disclose any instances where the CLEAR computer system was not functioning properly. System software was modified to add an additional financial system component that addressed deficiencies in the system. (Finding Code No. 08-5, 07-5, 06-18, 05-18, BRE 04-2)

**C. FINDING:** (Failure to reconcile Department expenditure and fund records to the Illinois Office of the Comptroller records in a timely manner)

During the prior engagement period, the Department did not perform timely reconciliations of Department expenditure and fund records to the Illinois Office of Comptroller records, as required by the Statewide Accounting Management System (SAMS).

During the current period, our sample testing did not disclose any instances where the Department did not perform the expenditure and fund reconciliations in a timely manner. (Finding Code No. 08-6, 07-4, 06-08, 05-10)

**D. FINDING:** (Inadequate internal and administrative controls over locally held funds)

During the prior engagement period, the Department did not maintain adequate internal and administrative controls over the preparation and reporting of three locally held funds maintained by the Department's Division of Professional Regulation.

During the current period, our sample testing did not disclose any instances of inadequate internal and administrative controls over locally held funds. The Department implemented policies to strengthen administrative controls including segregation of duties and proper reconciliation of funds. (Finding Code No. 08-7)

**E. FINDING:** (Failure to enforce travel rules)

During the prior engagement period, the Department did not enforce the travel regulations outlined within the *Travel Guide for State of Illinois Employees* (Travel Guide), codified by the Illinois Administrative Code (80 Ill. Adm. Code 2800.700(b)), regarding the advance approval of out-of-country travel.

During the current period, our sample testing did not disclose any instances of out-of-country travel that were not properly approved in advance of scheduled travel. (Finding Code No. 08-10, 07-8, 06-13, 05-14, DPR 04-2)

**F. FINDING:** (Untimely approval or denial of life, accident, and/or health insurance policy forms)

During the prior engagement period, the Department's Division of Insurance failed to approve/deny life, accident, and/or health insurance policy forms submitted by insurance companies in a timely manner as required by the Illinois Insurance Code.

During the current period, Executive Order 2009-04 re-established the Department of Insurance; therefore, this finding will be addressed in the Department of Insurance compliance examination for the year ended June 30, 2010. (Finding Code No. 08-15, 07-14, 06-24)

**G. FINDING:** (Residential mortgage license examinations not conducted in accordance with statutory requirements)

During the prior engagement period, the Department failed to timely conduct examinations of the affairs of residential mortgage licensees.

During the current period, our sample testing noted examinations of residential mortgage licensees were all conducted in a timely manner. (Finding Code No. 08-16, 07-15, 06-22, 05-24, BRE 04-14)

**H. FINDING:** (Failure to establish a Savings Bank Examiner Training Foundation)

During the prior engagement period, the Department's Division of Banking (Division) did not establish a Savings Bank Examiner Training Foundation.

During the current period, Public Act 096-1365 repealed the requirement for the Division to establish a Savings Bank Examiner Training Foundation. (Finding Code No. 08-17, 07-16, 06-20, 05-22, BRE 04-8, 02-6)

I. **FINDING:** (Recommendations presented in the Management Audit of Group Workers' Compensation Self-Insured Pools not implemented)

During the prior engagement period, the Department did not fully implement two of nine recommendations presented in the Management Audit of Group Workers' Compensation Self-Insured Pools (Management Audit) conducted by the Office of the Auditor General.

During the current period, Executive Order 2009-04 re-established the Department of Insurance; therefore, this finding will be addressed in the Department of Insurance compliance examination for the year ended June 30, 2010. (Finding Code No. 08-19, 07-18, 06-29, 05-34, DOI 04-3)



**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**Status of Program Audit**  
**For the Two Years Ended June 30, 2010**

**Program Audit of the Department's Disciplining of Physicians (August 2006)**

Illinois House of Representatives Resolution Number 16 directed the Auditor General to conduct a program audit of the disciplining of physicians who violate provisions of the Medical Practice Act of 1987. The Resolution directed the Auditor General to determine the Department's compliance with State law regarding the disciplining of physicians; the procedures for determining the need for, and nature of, any recommended disciplinary actions; process for ensuring that its recommended disciplinary actions are implemented and that any specified corrective steps are instituted; and the process for communicating results of disciplinary action to the public.

The program audit contained twenty-four recommendations to the Department. We noted the Department made progress in implementing findings 1, 2, 4, 5, 6, 8, 9, 10, 12, 13, 15, 16, 17, 18, 21, 22 and 23 during our follow-ups in previous compliance examinations. The following is the status of the remaining recommendations:

Recommendation

3. *The Department of Financial and Professional Regulation should develop management controls to ensure timely completion of investigations of complaints received by the Department. These controls should be in the form of written policies which include specific timeliness requirements. Any reports required should be reviewed by management personnel to ensure accuracy.*

Implemented. The Department compiles weekly statistics that provide a high level overview of each investigator's activity. In addition to this report, Unit Chiefs run reports from the Integrated Licensing and Enforcement System (ILES) in order to review each investigator's caseload. These reports provide tracking data for the following areas: responsibility, begin date, and most recent activity. A more detailed break down of activity is tracked through the "case view" function within the ILES. The Unit Chiefs utilizes this information during case review in order to monitor the progress of the investigations. Unit Chiefs are also required to conduct monthly case reviews with each investigator.

7. *The Department of Financial and Professional Regulation should take the steps necessary to assist the Medical Coordinators with backlogs and improve case timeliness.*

Not implemented. During the current examination period, the Department provided an update regarding the backlog. According to a Department official, The Department hired an additional Deputy Medical Coordinator in June 2010 and has assigned additional staff to assist in and improve internal tracking of coordinator opinion memos and monitoring

of files. However, the Chief Medical Coordinator retired in March 2010 and the number of outstanding cases as of February 14, 2011 was 143. This was an increase from 128 as of December 17, 2008. Department officials stated they are actively engaged in recruiting and interviewing candidates for this position.

11. *The Department of Financial and Professional Regulation should develop and implement management controls to ensure that prosecution activities are timely and properly documented.*

Partially implemented. The Department compiles weekly statistics that provide a high level overview of each prosecutor's activity. In addition to this report, Unit Chiefs run reports from the ILES in order to review each prosecutor's caseload. These reports provide tracking data for the following areas: responsibility, begin date, and most recent activity. A more detailed break down of activity is tracked through the "case view" function within the ILES. The Unit Chiefs utilizes this information during case review in order to monitor the progress of the prosecutions. Unit Chiefs are also required to conduct monthly case reviews with each prosecutor. However, during the current examination, we continued to note documentation problems during our testing of professions (see finding 10-2).

14. *The Department of Financial and Professional Regulation should make its Administrative Rules (68 Ill. Adm. Code 1285.225) relating to the definition of disciplinary and non-disciplinary actions consistent with requirements of the Medical Practice Act of 1987 (225 ILCS 60/2 (4)).*

Not implemented. In 2008, the Department promulgated changes to the MPA that included language that would make the MPA consistent with the Rule. The legislature could not agree on a final version. Therefore, the Governor signed a bill that extended the sunset date – no substantive amendments were made. The Department continues its efforts to ensure passage of the amended language.

19. *The Department of Financial and Professional Regulation should work to assure that all members, including public members, are appointed to the Medical Disciplinary Board as required by the Medical Practice Act.*

Not implemented. During the current examination period, according to a Department official, there is currently one physician vacancy on the Medical Disciplinary Board. The Department continues to work with the Governor's Office to fill the vacant position on the Medical Disciplinary Board.

20. *The Department of Financial and Professional Regulation should sufficiently document its decisions and activities. The Department should also ensure that the replacement system for the Regulatory Administration and Enforcement system has the capability to help management better control the adequacy of the Enforcement process.*

Implemented. The Department utilizes a system known as the Integrated Licensing and Enforcement System (ILES) as a replacement of the Regulatory Administration and Enforcement System. The Department uses ILES in order to compile weekly statistics that provide a high level overview of each investigator's and each prosecutor's activity. Unit Chiefs also run ILES reports in order to review caseloads. These reports provide tracking data for the following areas: responsibility, begin date, and most recent activity. A more detailed break down of activity is tracked through the "case view" function within the ILES. The Unit Chiefs utilizes this information during case review in order to monitor the progress of the investigations and prosecutions. Unit Chiefs are also required to conduct monthly case reviews with each investigator and prosecutor.

24. *The Department of Financial and Professional Regulation should require employees, including medical investigators, to prepare timesheets as required by the State Officials and Employees Ethics Act. Timesheets should also help management to more closely monitor medical investigators' time.*

Not implemented. The Department began using "Ethics Timekeeping Work Diary" on July 2, 2007 to track time spent on official state business. We tested this system during our compliance testing. We noted several employees were not properly entering time into the work diary. See current State compliance finding 10-4.

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**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

- Year Ended June 30, 2009

- Notes to the Schedule of Expenditures of Federal Awards

- Schedule of Appropriations, Expenditures and Lapsed Balances by Fund

- Fiscal Year 2010

- Fiscal Year 2009

- Schedule of Appropriations, Expenditures and Lapsed Balances by Major Object Code

- Fiscal Year 2010

- Fiscal Year 2009

- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances by Fund

- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances by Major Object Code

- Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) – Locally Held Funds

- Fiscal Year 2010

- Fiscal Year 2009

- Schedule of Locally Held Funds– Security Deposit Fund-1109

- Fiscal Year 2009

- Schedule of Locally Held Funds – Depository Fund-1132

- Fiscal Year 2010

- Fiscal Year 2009

- Schedule of Changes in State Property

- Fiscal Year 2010

- Fiscal Year 2009

- Comparative Schedule of Cash Receipts by Fund

- Comparative Schedule of Cash Receipts by Division by Revenue Category

- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller

- Fiscal Year 2010

- Fiscal Year 2009

- Analysis of Significant Variations in Expenditures by Fund

- Analysis of Significant Variations in Expenditures by Major Object Code

- Analysis of Significant Variations in Receipts by Fund

- Analysis of Significant Variations in Receipts by Division by Revenue Category

- Analysis of Significant Lapse Period Spending by Major Object Code

Analysis of Accounts Receivable  
June 30, 2010  
June 30, 2009

- Analysis of Operations:

Agency Functions and Planning Program  
Average Number of Employees  
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 accountants 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 accountants do not express an opinion on the supplementary information.

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2009  
(Expressed in Thousands)**

<u>Federal Grantor:</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Health and Human Services:		
Centers for Medicare and Medicaid Services (CMS)		
Research, Demonstrations and Evaluations	93.779	<u>\$      787</u>

The accompanying notes are an integral part of this schedule.

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2009**

1. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the State of Illinois, Department of Financial and Professional Regulation (Department).

The Schedule of Expenditures of Federal Awards was prepared for State compliance purposes only. A separate single audit of the State of Illinois, Department of Financial and Professional Regulation was not conducted. A separate single audit of the entire State of Illinois (which includes the State of Illinois, Department of Financial and Professional Regulation) was performed and released under separate cover.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards has been prepared on the cash basis of accounting.

3. INDIRECT COSTS

The Department does not claim indirect cost reimbursements for its federal award program. Consequently, the Department does not have an indirect cost rate established for allocating indirect costs to its federal award program.

4. DESCRIPTION OF FEDERAL AWARD PROGRAM

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

U.S. Department of Health and Human Services:

CFDA #93.779

The grant has been used to develop the new and innovative approaches necessary to enhance the Senior Health Insurance Program (SHIP) counseling services. Primary efforts are to keep updated on the changes in Medicare and Medicare Supplement and to educate the senior population as well as SHIP volunteers on those changes, as well as to recruit more SHIP volunteers and sponsoring organizations. Receipts derived from the Department's participation in the program were accounted for in the Senior Health Insurance Program Fund – 0396.

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – Continued**

5. PASS-THROUGH AND SUBRECIPIENT AWARDS

The Department receives its federal award directly from the U.S. Department of Health and Human Services, and does not provide any awards to subrecipients.

6. NONCASH AWARDS

The Department does not receive any noncash awards.



**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
**APPROPRIATIONS FOR FISCAL YEAR 2010 - BY FUND**

**Fourteen Months Ended August 31, 2010**

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2010	Approximate Lapse Period Expenditures July 1 to August 31, 2010	Approximate Total Expenditures	Approximate Balances Lapsed
<u>Public Acts 96-0046 and 96-0819</u>					
<u>APPROPRIATED FUNDS</u>					
<u>DIVISION OF FINANCIAL INSTITUTIONS</u>					
Financial Institution Fund - 0021	\$ 4,832,900	\$ 4,382,594	\$ 208,196	\$ 4,590,790	\$ 242,110
TOMA Consumer Protection Fund - 0241	19,400	-	-	-	19,400
Credit Union Fund - 0243	3,176,400	2,299,079	107,329	2,406,408	769,992
Total - Division of Financial Institutions	<u>8,028,700</u>	<u>6,681,673</u>	<u>315,525</u>	<u>6,997,198</u>	<u>1,031,502</u>
<u>DIVISION OF BANKING</u>					
Savings and Residential Finance Regulatory Fund - 0244	4,798,100	3,991,876	190,212	4,182,088	616,012
Pawnbroker Regulation Fund - 0562	111,700	93,282	4,536	97,818	13,882
Bank and Trust Company Fund - 0795	16,553,700	14,611,008	597,555	15,208,563	1,345,137
Total - Division of Banking	<u>21,463,500</u>	<u>18,696,166</u>	<u>792,303</u>	<u>19,488,469</u>	<u>1,975,031</u>
<u>DIVISION OF PROFESSIONAL REGULATION</u>					
General Professions Dedicated Fund - 0022	5,833,400	4,717,508	241,026	4,958,534	874,866
Illinois State Medical Disciplinary Fund - 0093	4,436,100	3,795,577	205,774	4,001,351	434,749
Registered CPA Administration and Disciplinary Fund - 0151	241,100	224,171	9,630	233,801	7,299
Professional Regulation Evidence Fund - 0192	9,700	-	-	-	9,700
Professions Indirect Cost Fund - 0218	28,761,400	22,670,183	1,932,469	24,602,652	4,158,748
Nurse Dedicated and Professional Fund - 0258	2,145,500	1,416,350	75,453	1,491,803	653,697
Optometric Licensing and Disciplinary Committee Fund - 0259	279,000	226,386	10,910	237,296	41,704
Appraisal Administration Fund - 0386	719,000	518,362	16,217	534,579	184,421
Auction Regulation Administration Fund - 0641	159,600	64,361	-	64,361	95,239
Home Inspector Administration Fund - 0746	138,700	109,225	4,927	114,152	24,548
Real Estate Audit Fund - 0750	38,800	-	-	-	38,800
Cemetery Oversight Licensing and Disciplinary Fund - 0792	2,500,000	-	-	-	2,500,000
Illinois State Dental Disciplinary Fund - 0823	1,033,300	952,785	45,813	998,598	34,702
Real Estate License Administration Fund - 0850	3,768,300	3,012,587	155,296	3,167,883	600,417
Design Professional Administration and Investigation Fund - 0888	947,300	774,623	34,491	809,114	138,186
Illinois State Podiatric Disciplinary Fund - 0954	10,800	2,807	-	2,807	7,993
Total - Division of Professional Regulation	<u>51,022,000</u>	<u>38,484,925</u>	<u>2,732,006</u>	<u>41,216,931</u>	<u>9,805,069</u>
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<u><b>\$ 80,514,200</b></u>	<u><b>63,862,764</b></u>	<u><b>3,839,834</b></u>	<u><b>67,702,598</b></u>	<u><b>\$ 12,811,602</b></u>
<u>NON-APPROPRIATED FUNDS</u>					
<u>DIVISION OF FINANCIAL INSTITUTIONS</u>					
TOMA Consumer Protection Fund - 0241	N/A	127,663	-	127,663	N/A
<u>DIVISION OF PROFESSIONAL REGULATION</u>					
Real Estate Recovery Fund - 0629	N/A	6,936	-	6,936	N/A
State Treasurer Court Ordered Escrow Fund - 0932	N/A	220,115	-	220,115	N/A
Total - Division of Professional Regulation		<u>227,051</u>	<u>-</u>	<u>227,051</u>	
<b>TOTAL - ALL NON-APPROPRIATED FUNDS</b>		<u><b>354,714</b></u>	<u><b>-</b></u>	<u><b>354,714</b></u>	
<b>GRAND TOTAL - ALL FUNDS</b>		<u><b>\$ 64,217,478</b></u>	<u><b>\$ 3,839,834</b></u>	<u><b>\$ 68,057,312</b></u>	

Note: All data on this schedule has been taken from State Comptroller records and reconciled to those of the Department.  
Expenditure amounts are vouchers approved for payment by the Agency 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 Agency and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
**APPROPRIATIONS FOR FISCAL YEAR 2009 - BY FUND**

**Fourteen Months Ended August 31, 2009**

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31, 2009	Total Expenditures	Balances Lapsed
<u>Public Acts 95-0731</u>					
<u>APPROPRIATED FUNDS</u>					
<u>DIVISION OF FINANCIAL INSTITUTIONS</u>					
Financial Institution Fund - 0021	\$ 4,989,300	\$ 4,153,001	\$ 197,756	\$ 4,350,757	\$ 638,543
TOMA Consumer Protection Fund - 0241	20,000	-	-	-	20,000
Credit Union Fund - 0243	2,993,400	2,420,300	106,839	2,527,139	466,261
Total - Division of Financial Institutions	<u>8,002,700</u>	<u>6,573,301</u>	<u>304,595</u>	<u>6,877,896</u>	<u>1,124,804</u>
<u>DIVISION OF INSURANCE</u>					
Senior Health Insurance Program Fund - 0396	800,000	690,854	47,049	737,903	62,097
Illinois Workers' Compensation Commission Operations Fund - 0534	500,000	204,293	10,866	215,159	284,841
Public Pension Regulation Trust Fund - 0546	1,006,500	909,647	30,199	939,846	66,654
Insurance Producers' Administration Fund - 0922	8,569,300	6,982,516	328,613	7,311,129	1,258,171
Insurance Financial Regulation Fund - 0997	11,715,300	9,536,355	446,738	9,983,093	1,732,207
Total - Division of Insurance	<u>22,591,100</u>	<u>18,323,665</u>	<u>863,465</u>	<u>19,187,130</u>	<u>3,403,970</u>
<u>DIVISION OF BANKING</u>					
Savings and Residential Finance Regulatory Fund - 0244	4,912,000	3,937,003	191,455	4,128,458	783,542
Pawnbroker Regulation Fund - 0562	110,200	92,040	6,713	98,753	11,447
Bank and Trust Company Fund - 0795	15,986,100	14,063,228	685,674	14,748,902	1,237,198
Total - Division of Banking	<u>21,008,300</u>	<u>18,092,271</u>	<u>883,842</u>	<u>18,976,113</u>	<u>2,032,187</u>
<u>DIVISION OF PROFESSIONAL REGULATION</u>					
General Professions Dedicated Fund - 0022	5,627,000	4,759,052	274,249	5,033,301	593,699
Illinois State Medical Disciplinary Fund - 0093	4,305,800	3,799,901	219,398	4,019,299	286,501
Registered CPA Administration and Disciplinary Fund - 0151	398,600	194,691	14,496	209,187	189,413
Professional Regulation Evidence Fund - 0192	30,000	-	-	-	30,000
Professions Indirect Cost Fund - 0218	38,496,500	30,164,700	3,428,656	33,593,356	4,903,144
Nurse Dedicated and Professional Fund - 0258	2,180,100	1,185,887	73,484	1,259,371	920,729
Optometric Licensing and Disciplinary Committee Fund - 0259	356,300	230,693	9,819	240,512	115,788
Appraisal Administration Fund - 0386	524,000	320,310	16,576	336,886	187,114
Auction Regulation Administration - Fund 0641	152,000	91,971	4,828	96,799	55,201
Home Inspector Administration Fund - 0746	132,200	104,220	4,507	108,727	23,473
Real Estate Audit Fund - 0750	40,000	-	-	-	40,000
Illinois State Dental Disciplinary Fund - 0823	1,051,300	900,590	42,292	942,882	108,418
Real Estate Research and Education Fund - 0849	70,000	19,000	-	19,000	51,000
Real Estate License Administration Fund - 0850	3,650,300	3,165,162	142,934	3,308,096	342,204
Design Professional Administration and Investigation Fund - 0888	878,200	714,521	31,603	746,124	132,076
Illinois State Podiatric Disciplinary Fund - 0954	11,000	3,810	-	3,810	7,190
Total - Division of Professional Regulation	<u>57,903,300</u>	<u>45,654,508</u>	<u>4,262,842</u>	<u>49,917,350</u>	<u>7,985,950</u>
TOTAL - ALL APPROPRIATED FUNDS	<u>\$ 109,505,400</u>	<u>88,643,745</u>	<u>6,314,744</u>	<u>94,958,489</u>	<u>\$ 14,546,911</u>
<u>NON-APPROPRIATED FUNDS</u>					
<u>DIVISION OF FINANCIAL INSTITUTIONS</u>					
Credit Union Fund - 0243	N/A	95,485	-	95,485	N/A
<u>DIVISION OF INSURANCE</u>					
Insurance Premium Tax Refund Fund - 0378	N/A	553,287	-	553,287	N/A
<u>DIVISION OF BANKING</u>					
Savings and Residential Finance Regulatory Fund - 0244	N/A	18,362	-	18,362	N/A
Bank and Trust Company Fund - 0795	N/A	211,153	-	211,153	N/A
Total - Division of Banking	<u>N/A</u>	<u>229,515</u>	<u>-</u>	<u>229,515</u>	<u>N/A</u>
<u>DIVISION OF PROFESSIONAL REGULATION</u>					
Illinois State Pharmacy Disciplinary Fund - 0057	N/A	141,500	-	141,500	N/A
State Treasurer Court Ordered Escrow Fund - 0932	N/A	26,567,279	36,635	26,603,914	N/A
Total - Division of Professional Regulation	<u>N/A</u>	<u>26,708,779</u>	<u>36,635</u>	<u>26,745,414</u>	<u>N/A</u>
TOTAL - ALL NON-APPROPRIATED FUNDS	<u>N/A</u>	<u>27,587,066</u>	<u>36,635</u>	<u>27,623,701</u>	<u>N/A</u>
GRAND TOTAL - ALL FUNDS	<u>\$ 116,230,811</u>	<u>\$ 116,230,811</u>	<u>\$ 6,351,379</u>	<u>\$ 122,582,190</u>	<u>N/A</u>

Note: All data on this schedule has been taken from State Comptroller records and reconciled to those of the Department.  
Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
APPROPRIATIONS FOR FISCAL YEAR 2010 - BY MAJOR OBJECT CODE

Fourteen Months Ended August 31, 2010

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2010	Approximate Lapse Period Expenditures July 1 to August 31, 2010	Approximate Total Expenditures	Approximate Balances Lapsed
<u>Public Acts 96-0046 and 96-0819</u>					
<u>APPROPRIATED FUNDS</u>					
Personal services	\$ 38,171,200	\$ 32,983,103	\$ 1,522,641	\$ 34,505,744	\$ 3,665,456
Retirement - employer contribution	10,831,950	9,375,261	432,799	9,808,060	1,023,890
Social security	2,918,200	2,382,879	112,164	2,495,043	423,157
Group insurance	8,908,600	6,848,096	305,161	7,153,257	1,755,343
Contractual services	7,616,100	5,920,673	896,198	6,816,871	799,229
Travel	2,071,850	1,581,248	150,631	1,731,879	339,971
Commodities	93,400	67,847	6,753	74,600	18,800
Printing	144,000	106,951	8,839	115,790	28,210
Equipment	132,300	1,963	1,338	3,301	128,999
Electronic data processing	1,966,300	1,541,598	263,995	1,805,593	160,707
Telecommunications	819,500	401,078	192,202	593,280	226,220
Operation of automotive equipment	217,500	182,702	24,095	206,797	10,703
Lump sum	6,286,600	2,244,202	(79,567)	2,164,635	4,121,965
Awards and grants	223,100	211,325	550	211,875	11,225
Refunds	113,600	13,838	2,035	15,873	97,727
TOTAL - APPROPRIATED FUNDS	<u>\$ 80,514,200</u>	<u>63,862,764</u>	<u>3,839,834</u>	<u>67,702,598</u>	<u>\$ 12,811,602</u>
<u>NON-APPROPRIATED FUNDS</u>					
Awards and grants	N/A	220,115	-	220,115	N/A
Awards and grants, lump sum and other purposes	N/A	134,599	-	134,599	N/A
TOTAL - NON-APPROPRIATED FUNDS		<u>354,714</u>	<u>-</u>	<u>354,714</u>	
GRAND TOTAL - ALL FUNDS		<u>\$ 64,217,478</u>	<u>\$ 3,839,834</u>	<u>\$ 68,057,312</u>	

Note: All data on this schedule has been taken from State Comptroller records and reconciled to those of the Department.  
Expenditure amounts are vouchers approved for payment by the Agency 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 Agency and submitted to the Comptroller for payment after August.

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
**APPROPRIATIONS FOR FISCAL YEAR 2009 - BY MAJOR OBJECT CODE**

**Fourteen Months Ended August 31, 2009**

	Appropriations (Net After Transfers)	Expenditures Through June 30, 2009	Lapse Period Expenditures July 1 to August 31, 2009	Total Expenditures	Balances Lapsed
<u>Public Acts 95-0731</u>					
<u>APPROPRIATED FUNDS</u>					
Personal services	\$ 52,167,900	\$ 47,066,503	\$ 2,253,700	\$ 49,320,203	\$ 2,847,697
Retirement - employer contribution	11,008,900	9,922,562	475,973	10,398,535	610,365
Social security	3,969,850	3,396,923	165,094	3,562,017	407,833
Group insurance	13,412,700	10,185,485	440,815	10,626,300	2,786,400
Contractual services	12,460,800	7,771,367	1,113,695	8,885,062	3,575,738
Travel	2,458,750	1,743,372	117,833	1,861,205	597,545
Commodities	244,800	93,246	4,164	97,410	147,390
Printing	323,000	121,952	40,100	162,052	160,948
Equipment	312,800	36,991	207,696	244,687	68,113
Electronic data processing	4,510,700	3,270,485	1,079,120	4,349,605	161,095
Telecommunications	1,274,400	798,725	139,855	938,580	335,820
Operation of automotive equipment	243,300	202,400	34,900	237,300	6,000
Lump sum	6,502,300	3,800,283	210,751	4,011,034	2,491,266
Awards and grants	280,000	152,875	150	153,025	126,975
Refunds	335,200	80,576	30,898	111,474	223,726
<b>TOTAL - APPROPRIATED FUNDS</b>	<b><u>\$ 109,505,400</u></b>	<b><u>88,643,745</u></b>	<b><u>6,314,744</u></b>	<b><u>94,958,489</u></b>	<b><u>\$ 14,546,911</u></b>
<u>NON-APPROPRIATED FUNDS</u>					
Awards and grants	N/A	26,892,279	36,635	26,928,914	N/A
Refunds	N/A	694,787	-	694,787	N/A
<b>TOTAL - NON-APPROPRIATED FUNDS</b>		<b><u>27,587,066</u></b>	<b><u>36,635</u></b>	<b><u>27,623,701</u></b>	
<b>GRAND TOTAL - ALL FUNDS</b>		<b><u>\$ 116,230,811</u></b>	<b><u>\$ 6,351,379</u></b>	<b><u>\$ 122,582,190</u></b>	

Note: All data on this schedule has been taken from State Comptroller records and reconciled to those of the Department.  
Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES BY FUND  
For the Year Ended June 30,**

	2010			2009			2008		
	Public Acts 96-0046, 96-0819			Public Acts 95-0731			Public Acts 95-0011, 95-0348		
	Appropriations (Net After Transfers)	Approximate Total Expenditures	Approximate Balances Lapsed	Appropriations (Net After Transfers)	Total Expenditures	Balances Lapsed	Appropriations (Net After Transfers)	Total Expenditures	Balances Lapsed
<b>APPROPRIATED FUNDS</b>									
<b>DIVISION OF FINANCIAL INSTITUTIONS</b>									
Financial Institution Fund - 0021	\$ 4,832,900	\$ 4,590,790	\$ 242,110	\$ 4,989,300	\$ 4,350,757	\$ 638,543	\$ 4,399,200	\$ 3,759,827	\$ 639,373
TOMA Consumer Protection Fund - 0241	19,400	-	19,400	20,000	-	20,000	20,000	-	20,000
Credit Union Fund - 0243	3,176,400	2,406,408	769,992	2,993,400	2,527,139	466,261	2,889,500	2,569,791	319,709
Total - Division of Financial Institutions	<u>8,028,700</u>	<u>6,997,198</u>	<u>1,031,502</u>	<u>8,002,700</u>	<u>6,877,896</u>	<u>1,124,804</u>	<u>7,308,700</u>	<u>6,329,618</u>	<u>979,082</u>
<b>DIVISION OF INSURANCE</b>									
Senior Health Insurance Program Fund - 0396	-	-	-	800,000	737,903	62,097	800,000	542,306	257,694
Illinois Workers' Compensation Commission Operations Fund - 0534	-	-	-	500,000	215,159	284,841	950,000	271,585	678,415
Public Pension Regulation Trust Fund - 0546	-	-	-	1,006,500	939,846	66,654	936,600	863,774	72,826
Insurance Producers' Administration Fund - 0922	-	-	-	8,569,300	7,311,129	1,258,171	8,264,900	7,063,252	1,201,648
Insurance Financial Regulation Fund - 0997	-	-	-	11,715,300	9,983,093	1,732,207	11,336,000	10,006,806	1,329,194
Total - Division of Insurance	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,591,100</u>	<u>19,187,130</u>	<u>3,403,970</u>	<u>22,287,500</u>	<u>18,747,723</u>	<u>3,539,777</u>
<b>DIVISION OF BANKING</b>									
Savings and Residential Finance Regulatory Fund - 0244	4,798,100	4,182,088	616,012	4,912,000	4,128,458	783,542	4,819,400	3,847,676	971,724
Pawnbroker Regulation Fund - 0562	111,700	97,818	13,882	110,200	98,753	11,447	98,800	92,265	6,535
Bank and Trust Company Fund - 0795	16,553,700	15,208,563	1,345,137	15,986,100	14,748,902	1,237,198	14,714,500	14,088,112	626,388
Total - Division of Banking	<u>21,463,500</u>	<u>19,488,469</u>	<u>1,975,031</u>	<u>21,008,300</u>	<u>18,976,113</u>	<u>2,032,187</u>	<u>19,632,700</u>	<u>18,028,053</u>	<u>1,604,647</u>
<b>DIVISION OF PROFESSIONAL REGULATION</b>									
General Professions Dedicated Fund - 0022	5,833,400	4,958,534	874,866	5,627,000	5,033,301	593,699	3,998,800	3,829,230	169,570
Illinois State Pharmacy Disciplinary Fund - 0057	-	-	-	-	-	-	4,086,200	4,012,410	73,790
Illinois State Medical Disciplinary Fund - 0093	4,436,100	4,001,351	434,749	4,305,800	4,019,299	286,501	4,099,300	3,870,885	228,415
Registered CPA Administration and Disciplinary Fund - 0151	241,100	233,801	7,299	398,600	209,187	189,413	473,600	259,499	214,101
Professional Regulation Evidence Fund - 0192	9,700	-	9,700	30,000	-	30,000	30,000	-	30,000
Professions Indirect Cost Fund - 0218	28,761,400	24,602,652	4,158,748	38,496,500	33,593,356	4,903,144	35,722,900	30,942,231	4,780,669
Nurse Dedicated and Professional Fund - 0258	2,145,500	1,491,803	653,697	2,180,100	1,259,371	920,729	2,150,900	1,532,550	618,350
Optometric Licensing and Disciplinary Committee Fund - 0259	279,000	237,296	41,704	356,300	240,512	115,788	353,700	295,632	58,068
Appraisal Administration Fund - 0386	719,000	534,579	184,421	524,000	336,886	187,114	819,900	593,019	226,881
Auction Regulation Administration Fund - 0641	159,600	64,361	95,239	152,000	96,799	55,201	141,800	79,968	61,832
Home Inspector Administration Fund - 0746	138,700	114,152	24,548	132,200	108,727	23,473	114,300	92,368	21,932
Real Estate Audit Fund - 0750	38,800	-	38,800	40,000	-	40,000	40,000	-	40,000
Cemetery Oversight Licensing and Disciplinary Fund - 0792	2,500,000	-	2,500,000	-	-	-	-	-	-
Illinois State Dental Disciplinary Fund - 0823	1,033,300	998,598	34,702	1,051,300	942,882	108,418	996,000	878,086	117,914
Real Estate Research and Education Fund - 0849	-	-	-	70,000	19,000	51,000	70,000	18,000	52,000
Real Estate License Administration Fund - 0850	3,768,300	3,167,883	600,417	3,650,300	3,308,096	342,204	3,659,100	3,085,078	574,022
Design Professional Administration and Investigation Fund - 0888	947,300	809,114	138,186	878,200	746,124	132,076	843,400	738,332	105,068
Illinois State Podiatric Disciplinary Fund - 0954	10,800	2,807	7,993	11,000	3,810	7,190	11,000	2,813	8,187
Total - Division of Professional Regulation	<u>51,022,000</u>	<u>41,216,931</u>	<u>9,805,069</u>	<u>57,903,300</u>	<u>49,917,350</u>	<u>7,985,950</u>	<u>57,610,900</u>	<u>50,230,101</u>	<u>7,380,799</u>
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<u>\$ 80,514,200</u>	<u>67,702,598</u>	<u>\$ 12,811,602</u>	<u>\$ 109,505,400</u>	<u>94,958,489</u>	<u>\$ 14,546,911</u>	<u>\$ 106,839,800</u>	<u>93,335,495</u>	<u>\$ 13,504,305</u>

(Continued)

STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES BY FUND**  
For the Year Ended June 30,

	2010			2009			2008		
	Public Acts 96-0046, 96-0819			Public Acts 95-0731			Public Acts 95-0011, 95-0348		
	Appropriations (Net After Transfers)	Approximate Total Expenditures	Approximate Balances Lapsed	Appropriations (Net After Transfers)	Total Expenditures	Balances Lapsed	Appropriations (Net After Transfers)	Total Expenditures	Balances Lapsed
<u>NON-APPROPRIATED FUNDS</u>									
<u>DIVISION OF FINANCIAL INSTITUTIONS</u>									
TOMA Consumer Protection Fund - 0241	N/A	\$ 127,663	N/A	N/A	\$ -	N/A	N/A	\$ -	N/A
Credit Union Fund - 0243	N/A	-	N/A	N/A	95,485	N/A	N/A	-	N/A
Total - Division of Financial Institutions		<u>127,663</u>			<u>95,485</u>			<u>-</u>	
<u>DIVISION OF INSURANCE</u>									
Insurance Premium Tax Refund Fund - 0378	N/A	-	N/A	N/A	553,287	N/A	N/A	1,774,715	N/A
<u>DIVISION OF BANKING</u>									
Savings and Residential Finance Regulatory Fund - 0244	N/A	-	N/A	N/A	18,362	N/A	N/A	-	N/A
Bank and Trust Company Fund - 0795	N/A	-	N/A	N/A	211,153	N/A	N/A	-	N/A
Total - Division of Banking	N/A	<u>-</u>	N/A		<u>229,515</u>	N/A	N/A	<u>-</u>	N/A
<u>DIVISION OF PROFESSIONAL REGULATION</u>									
Illinois State Pharmacy Disciplinary Fund - 0057	N/A	-	N/A	N/A	141,500	N/A	N/A	-	N/A
Real Estate Recovery Fund - 0629	N/A	6,936	N/A	N/A	-	N/A	N/A	-	N/A
Auction Recovery Fund - 0643	N/A	-	N/A	N/A	-	N/A	N/A	11,500	N/A
State Treasurer Court Ordered Escrow Fund - 0932	N/A	220,115	N/A	N/A	26,603,914	N/A	N/A	-	N/A
Total - Division of Professional Regulation		<u>227,051</u>			<u>26,745,414</u>			<u>11,500</u>	
TOTAL - ALL NON-APPROPRIATED FUNDS		<u>354,714</u>			<u>27,623,701</u>			<u>1,786,215</u>	
GRAND TOTAL - ALL FUNDS		<u>\$ 68,057,312</u>			<u>\$ 122,582,190</u>			<u>\$ 95,121,710</u>	
<u>APPOINTED STATE OFFICERS' SALARIES</u>									
General Revenue Fund - 0001	\$ 374,600	\$ 343,780	\$ 30,820	\$ 508,113	\$ 430,314	\$ 77,799	\$ 489,600	\$ 423,138	\$ 66,462
Bank and Trust Company Fund - 0795	136,300	136,217	83	136,300	136,217	83	131,300	131,230	70
Total - State Officers' Salaries	<u>\$ 510,900</u>	<u>\$ 479,997</u>	<u>\$ 30,903</u>	<u>\$ 644,413</u>	<u>\$ 566,531</u>	<u>\$ 77,882</u>	<u>\$ 620,900</u>	<u>\$ 554,368</u>	<u>\$ 66,532</u>

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES  
AND LAPSED BALANCES BY MAJOR OBJECT CODE**

	Fiscal Year		
	2010	2009	2008
	Public Acts 96-0046, 96-0819	Public Act 95-0731	Public Acts 95-0011, 95-0348
<u>APPROPRIATED FUNDS</u>			
Appropriations (net of transfers)	\$ 80,514,200	\$ 109,505,400	\$ 106,839,800
Expenditures:			
Personal services	34,505,744	49,320,203	47,901,720
Retirement - employer contribution	9,808,060	10,398,535	7,944,779
Social security	2,495,043	3,562,017	3,442,832
Group insurance	7,153,257	10,626,300	10,423,239
Contractual services	6,816,871	8,885,062	8,397,173
Travel	1,731,879	1,861,205	1,942,670
Commodities	74,600	97,410	104,038
Printing	115,790	162,052	190,336
Equipment	3,301	244,687	136,091
Electronic data processing	1,805,593	4,349,605	3,668,469
Telecommunications	593,280	938,580	1,180,216
Operation of automotive equipment	206,797	237,300	261,469
Lump sum	2,164,635	4,011,034	4,266,747
Awards and grants	211,875	153,025	3,343,875
Refunds	15,873	111,474	131,841
Total expenditures	67,702,598 **	94,958,489	93,335,495
Lapsed balances	\$ 12,811,602 **	\$ 14,546,911	\$ 13,504,305
<u>NON-APPROPRIATED FUNDS</u>			
Expenditures:			
Awards and grants	\$ 220,115	\$ 26,928,914	\$ -
Awards and grants, lump sums and other purposes	134,599	-	11,500
Refunds	-	694,787	1,774,715
Total expenditures - non-appropriated funds	\$ 354,714 **	\$ 27,623,701	\$ 1,786,215

\*\* = approximate for fiscal year 2010

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE (CASH BASIS)  
LOCALLY HELD FUNDS**

**For the Year Ended June 30, 2010**

	Liquidated Currency Exchange Fund 1133	Official Advance Fund 1249	Bank Examiner's Education Fund 1296 (Note 1)	Total
Cash Balance at July 1, 2009	\$ 81,376	\$ 12,473	\$ 487,456	\$ 581,305
Receipts	491,960	7,167	720,881	1,220,008
Disbursements	(351,063)	(8,460)	(37,817)	(397,340)
Cash Balance at June 30, 2010	<u>\$ 222,273</u>	<u>\$ 11,180</u>	<u>\$ 1,170,520</u>	<u>\$ 1,403,973</u>

The above locally held funds are held at the following institutions:

Liquidated Currency Exchange Fund	Corus Bank
Official Advance Fund	Chase Bank
Bank Examiner's Education Fund	Marine Bank

Note 1 - In addition to its account at Marine Bank, the Bank Examiner's Education Fund had certificates of deposit totaling \$6,148,250 at June 30, 2010 on deposit with various banks throughout Illinois with times varying from 12 to 36 months.



**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE (CASH BASIS)**  
**LOCALLY HELD FUNDS**

**For the Year Ended June 30, 2009**

	Liquidated Currency Exchange Fund 1133	Official Advance Fund 1249	Bank Examiner's Education Fund 1296 (Note 1)	Total
Cash Balance at July 1, 2008	\$ 159,172	\$ 11,539	\$ 249,420	\$ 420,131
Receipts	31,442	7,663	295,774	334,879
Disbursements	(109,238)	(6,729)	(57,738)	(173,705)
Cash Balance at June 30, 2009	<u>\$ 81,376</u>	<u>\$ 12,473</u>	<u>\$ 487,456</u>	<u>\$ 581,305</u>

The above locally held funds are held at the following institutions:

Liquidated Currency Exchange Fund	Corus Bank
Official Advance Fund	Chase Bank
Bank Examiner's Education Fund	Marine Bank

Note 1 - In addition to its account at Marine Bank, the Bank Examiner's Education Fund had certificates of deposit totaling \$6,550,000 at June 30, 2009 on deposit with various banks throughout Illinois with times varying from 12 to 36 months.

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**SCHEDULE OF LOCALLY HELD FUNDS  
SECURITY DEPOSIT FUND - 1109**

**For the Year Ended June 30, 2009  
(Expressed in Thousands)**

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 730	\$ 27,009	\$ (24,359)	\$ 3,380
Investments	851,865	266,338	(245,376)	872,827
Total assets	<u>\$ 852,595</u>	<u>\$ 293,347</u>	<u>\$ (269,735)</u>	<u>\$ 876,207</u>
<b>LIABILITIES</b>				
Other liabilities	<u>\$ 852,595</u>	<u>\$ 293,347</u>	<u>\$ (269,735)</u>	<u>\$ 876,207</u>

The Security Deposit Fund (Fund) (Fund 1109) is a fiduciary fund created by the Illinois Insurance Code (215 ILCS 5/404.1). The Code requires companies domiciled in the State of Illinois to make and maintain, with the Director of the Department of Insurance, a deposit of securities having a fair market value of specified amounts for the protection of all creditors, policyholders, and policy obligations of the company. The amount of deposit required is determined by the classification under which a company is organized and also as required to support certain classes of reserves.

The fund is reported using the economic resources measurement focus and the accrual basis of accounting.

Cash equivalents are defined as short-term, highly liquid investments convertible to cash with maturities of less than 90 days at the time of purchase. Cash and cash equivalents include cash on hand, cash in banks, certificates of deposit, and money market accounts for locally held funds.

Investments are reported at fair value. The Department holds investments pursuant to statutory authority for locally held funds.

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**SCHEDULE OF LOCALLY HELD FUNDS  
DEPOSITORY FUND - 1132**

**For the Year Ended June 30, 2010  
(Expressed in Thousands)**

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 303	\$ 847	\$ -	\$ 1,150
Investments	26,205	6,332	5,507	27,030
Total assets	<u>\$ 26,508</u>	<u>\$ 7,179</u>	<u>\$ 5,507</u>	<u>\$ 28,180</u>
<b>LIABILITIES</b>				
Other liabilities	<u>\$ 26,508</u>	<u>\$ 7,179</u>	<u>\$ 5,507</u>	<u>\$ 28,180</u>

Note: The Depository Fund - 1132 is a nonappropriated locally held agency fund. The Title Insurance Act (215 ILCS 155/1 et seq.) requires each approved applicant to file with and have approved by the Secretary cash or bonds of the United States, this State or body politic of this State with a current value of \$1,000,000.

All data on this schedule has been taken from State Comptroller records (C-17's) and reconciled to those of the Department. In fiscal year 2010, the C-17's were prepared using the fair value of securities on deposit.

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**SCHEDULE OF LOCALLY HELD FUNDS  
DEPOSITORY FUND - 1132**

**For the Year Ended June 30, 2009  
(Expressed in Thousands)**

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 300	\$ 3	\$ -	\$ 303
Investments	28,035	5,065	6,895	26,205
Total assets	<u>\$ 28,335</u>	<u>\$ 5,068</u>	<u>\$ 6,895</u>	<u>\$ 26,508</u>
<b>LIABILITIES</b>				
Other liabilities	<u>\$ 28,335</u>	<u>\$ 5,068</u>	<u>\$ 6,895</u>	<u>\$ 26,508</u>

Note: The Depository Fund - 1132 is a nonappropriated locally held agency fund. The Title Insurance Act (215 ILCS 155/1 et seq.) requires each approved applicant to file with and have approved by the Secretary cash or bonds of the United States, this State or body politic of this State with a current value of \$1,000,000.

All data on this schedule has been taken from State Comptroller records (C-17's) and reconciled to those of the Department. In fiscal year 2009, the C-17's were prepared using the par value of securities on deposit.

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**SCHEDULE OF CHANGES IN STATE PROPERTY**  
**For the Year Ended June 30, 2010**

Property balance, July 1, 2009	<u>\$ 8,872,015</u>
Additions:	
Purchases	360,095
Transfers in	-
Total Additions	<u>360,095</u>
Deductions:	
Deletions	(54,657)
Transfers out	<u>(2,724,801)</u>
Total Deductions	<u>(2,779,458)</u>
Property balance, June 30, 2010	<u><u>\$ 6,452,652</u></u>

The above balances consist of equipment and capital lease equipment.

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

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**SCHEDULE OF CHANGES IN STATE PROPERTY**  
**For the Year Ended June 30, 2009**

Property balance, July 1, 2008	<u>\$ 10,831,178</u>
Additions:	
Purchases	316,095
Transfers in	-
Total Additions	<u>316,095</u>
Deductions:	
Deletions	(154,657)
Transfers out	(2,120,601)
Total Deductions	<u>(2,275,258)</u>
Property balance, June 30, 2009	<u><u>\$ 8,872,015</u></u>

The above balances consist of equipment and capital lease equipment.

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

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
COMPARATIVE SCHEDULE OF CASH RECEIPTS BY FUND**

**For the Years Ended June 30, 2010, 2009 and 2008**

	2010	2009	2008
<u>Division of Financial Institutions:</u>			
Financial Institution Fund - 0021	\$ 7,498,081	\$ 7,903,137	\$ 8,373,988
TOMA Consumer Protection Fund - 0241	265,000	80,000	-
Credit Union Fund - 0243	4,697,565	1,203,501	5,097,546
Subtotal - Division of Financial Institutions	<u>12,460,646</u>	<u>9,186,638</u>	<u>13,471,534</u>
<u>Division of Insurance:</u>			
General Revenue Fund - 0001	-	337,211,217	299,475,784
Fire Prevention Fund - 0047	-	21,319,308	20,952,209
Senior Health Insurance Program Fund - 0396	-	782,000	474,900
Protest Fund - 0401	-	12,677,039	11,983,963
Illinois Workers' Compensation Commission Operations Fund - 0534	-	14,662,472	14,287,161
Public Pension Regulation Trust Fund - 0546	-	1,793,452	1,554,166
Group Self-Insurers Workers Compensation Fund - 0739	-	162,383	141,760
Insurance Producers' Administration Fund - 0922	-	24,520,792	23,835,582
Insurance Financial Regulation Fund - 0997	-	23,402,950	17,968,820
Subtotal - Division of Insurance	<u>-</u>	<u>436,531,613</u>	<u>390,674,345</u>
<u>Division of Banking:</u>			
Savings and Residential Finance Regulatory Fund - 0244	5,266,801	6,608,161	9,186,404
Pawnbroker Regulation Fund - 0562	197,180	186,750	188,870
Bank and Trust Company Fund - 0795	20,973,367	29,868,472	29,370,420
Subtotal - Division of Banking	<u>26,437,348</u>	<u>36,663,383</u>	<u>38,745,694</u>
<u>Division of Professional Regulation:</u>			
General Professions Dedicated Fund - 0022	11,335,917	12,928,738	11,496,574
Illinois State Pharmacy Disciplinary Fund - 0057	4,520,486	1,944,116	4,358,051
Illinois State Medical Disciplinary Fund - 0093	1,685,373	5,657,229	12,546,986
Registered CPA Administration and Disciplinary Fund - 0151	3,024,308	1,288,521	448,111
Professions Indirect Cost Fund - 0218	513	379	-
Nurse Dedicated and Professional Fund - 0258	11,129,367	2,847,903	10,620,320
Optometric Licensing and Disciplinary Committee Fund - 0259	926,538	164,471	1,005,635
Appraisal Administration Fund - 0386	2,407,218	218,849	2,631,227
Real Estate Recovery Fund - 0629	45,674	18,032	45,314
Auction Regulation Administration Fund - 0641	34,398	35,000	608,443
Auction Recovery Fund - 0643	500	1,750	14,250
Home Inspector Administration Fund - 0746	136,426	867,391	137,845
Cemetery Oversight Licensing and Disciplinary Fund - 0792	499	-	-
Illinois State Dental Disciplinary Fund - 0823	3,725,222	1,518,209	340,651
Real Estate License Administration Fund - 0850	5,872,171	7,692,469	6,601,428
Design Professional Administration and Investigation Fund - 0888	1,396,059	1,307,264	1,345,842
Hearing Instrument Dispenser Examining and Disciplinary Fund - 0938	33,705	1,755	33,310
Illinois State Podiatric Disciplinary Fund - 0954	49,587	490,220	55,363
Subtotal - Division of Professional Regulation	<u>46,323,961</u>	<u>36,982,296</u>	<u>52,289,350</u>
Total - All Funds	<u>\$ 85,221,955</u>	<u>\$ 519,363,930</u>	<u>\$ 495,180,923</u>

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
BY DIVISION BY REVENUE CATEGORY**

**For the Years Ended June 30, 2010, 2009 and 2008**

	2010	2009	2008
<b>Division of Financial Institutions:</b>			
Licenses fees and registration:			
Credit union regulatory fees	\$ 4,639,425	\$ 1,144,076	\$ 5,053,768
Financial institution licenses and fees	2,920,312	3,022,731	3,692,086
Retaliatory fees	2,420,662	2,221,879	2,315,285
Financial institution examination fees	1,223,923	1,429,350	1,365,700
Credit union examination fees	8,460	15,510	5,100
	<u>\$ 11,212,782</u>	<u>\$ 7,833,546</u>	<u>\$ 12,431,939</u>
Fines, penalties or violations	1,247,864	1,353,092	1,039,595
Subtotal - Division of Financial Institutions	<u>12,460,646</u>	<u>9,186,638</u>	<u>13,471,534</u>
<b>Division of Insurance:</b>			
Privilege insurance tax	-	182,175,068	158,380,580
Retaliatory tax	-	115,439,049	98,561,782
Surplus line tax	-	37,308,956	38,200,420
Licenses fees and registration:			
Industrial Commission Operations Fund surcharge	-	14,662,472	14,287,161
Insurance producer licenses and fees	-	22,916,264	22,536,771
Regulatory insurance licenses and fees	-	23,346,637	17,968,820
Pensions filing fees	-	1,793,452	1,554,151
Insurance performance examination fees	-	750,585	696,251
	<u>-</u>	<u>63,469,410</u>	<u>57,043,154</u>
Protest fees	-	12,677,039	11,965,195
Fire marshal tax	-	21,319,308	20,952,209
Federal government grant	-	782,000	474,900
Surety bonds	-	162,383	141,760
Fines, penalties, interest	-	2,855,994	4,953,795
Miscellaneous	-	342,406	550
Subtotal - Division of Insurance	<u>-</u>	<u>436,531,613</u>	<u>390,674,345</u>
<b>Division of Banking:</b>			
Licenses fees and registration:			
Bank examination fees	13,416,125	19,149,474	18,364,274
Mortgage banking registrations	1,922,441	3,006,314	4,807,085
Loan originator licenses and fees	1,194,310	1,579,497	2,150,667
EDP examination fees	2,689,362	3,686,610	3,664,266
Corporate fiduciary registrations	1,942,771	1,958,136	1,980,999
International bank examination fees	2,329,861	4,447,947	4,719,112
Savings and loan supervisory fees	884,631	982,351	993,259
Corporate fiduciary receivership fees	399,399	400,199	399,999
Thrift registration fees	13,000	500	2,000
Mortgage banking examination fees	344,379	555,850	633,576
Mortgage banking full service fees	123,500	134,500	234,000
Savings and loan examination fees	116,200	167,265	198,373
Miscellaneous banking fees	151,299	153,520	165,575
Pawnbroker licenses and fees	189,380	180,125	178,770
Miscellaneous international banking fees	28,750	45,700	56,800
Miscellaneous trust company fees	13,200	19,500	16,240
Check printer fees	2,600	2,400	2,600
	<u>25,761,208</u>	<u>36,469,888</u>	<u>38,567,595</u>
Fines, penalties or violations	676,071	188,375	177,500
Miscellaneous	69	5,120	599
Subtotal - Division of Banking	<u>26,437,348</u>	<u>36,663,383</u>	<u>38,745,694</u>



**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION  
COMPARATIVE SCHEDULE OF CASH RECEIPTS  
BY DIVISION BY REVENUE CATEGORY**

**For the Years Ended June 30, 2010, 2009 and 2008**

	2010	2009	2008
<u>Division of Professional Regulation:</u>			
Licenses fees and registration:			
General professions licenses and fees	\$ 11,335,917	\$ 12,928,738	\$ 11,496,574
Medical licenses and fees	1,685,373	5,657,229	12,546,986
Dental licenses and fees	3,725,222	1,518,209	340,651
Nursing licenses and fees	11,129,367	2,847,903	10,620,320
Pharmacy licenses and fees	4,520,486	1,944,116	4,358,051
Design professional licenses and fees	1,396,059	1,307,264	1,345,842
Podiatric physician licenses and fees	49,587	490,220	55,363
CPA licenses and fees	3,024,308	1,288,521	448,111
Optometrics licenses and fees	926,538	164,471	1,005,635
Audiologists licenses and fees	33,705	1,755	33,310
Real estate licenses and fees	5,416,261	7,172,318	5,998,473
Home inspector licenses and fees	136,158	867,291	137,845
Appraisal licenses and fees	2,406,218	216,299	2,631,227
Timeshare registration fees	376,400	425,247	405,425
Land sales fees	62,232	90,500	230,600
Auctioneer licenses and fees	34,330	35,000	608,443
Professions Indirect Cost Fund fees	513	379	-
Cemetery oversight licenses and fees	499	-	-
	<u>\$ 46,259,173</u>	<u>\$ 36,955,460</u>	<u>\$ 52,262,856</u>
Fines, penalties or violations	52,593	24,336	26,449
Miscellaneous	12,195	2,500	45
Subtotal - Division of Professional Regulation	<u>46,323,961</u>	<u>36,982,296</u>	<u>52,289,350</u>
 Total	 <u>\$ 85,221,955</u>	 <u>\$ 519,363,930</u>	 <u>\$ 495,180,923</u>

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**

**For the Year Ended June 30, 2010**

Fund	Receipts Per Department Records	Plus Deposits in Transit Beginning of Year	Less Deposits in Transit End of Year	Transfers/ Adjustments Other Funds	Deposits Per Comptroller Records
Financial Institution Fund - 0021	\$ 7,498,081	\$ 162,134	\$ (58,845)	\$ -	\$ 7,601,370
General Professions Dedicated Fund - 0022	11,335,917	457,506	(138,340)	611	11,655,694
Illinois State Pharmacy Disciplinary Fund - 0057	4,520,486	21,480	(21,369)	-	4,520,597
Illinois State Medical Disciplinary Fund - 0093	1,685,373	48,010	(49,576)	180	1,683,987
Registered CPA Administration and Disciplinary Fund - 0151	3,024,308	582,030	(44,170)	-	3,562,168
Professions Indirect Cost Fund - 0218	513	-	-	2,337	2,850
TOMA Consumer Protection Fund - 0241	265,000	-	-	-	265,000
Credit Union Fund - 0243	4,697,565	8,510	(24,351)	-	4,681,724
Savings and Residential Finance Regulatory Fund - 0244	5,266,801	-	-	-	5,266,801
Nurse Dedicated and Professional Fund - 0258	11,129,367	46,100	(81,310)	-	11,094,157
Optometric Licensing and Disciplinary Committee Fund - 0259	926,538	6,935	(2,895)	-	930,578
Appraisal Administration Fund - 0386	2,407,218	3,800	(5,112)	-	2,405,906
Pawnbroker Regulation Fund - 0562	197,180	-	-	1,830	199,010
Real Estate Recovery Fund - 0629	45,674	46	(1,000)	-	44,720
Auction Regulation Administration Fund - 0641	34,398	2,175	(50)	-	36,523
Auction Recovery Fund - 0643	500	-	-	-	500
Home Inspector Administration Fund - 0746	136,426	4,500	(593)	-	140,333
Cemetery Oversight Licensing and Disciplinary Fund - 0792	499	-	(499)	-	-
Bank and Trust Company Fund - 0795	20,973,367	-	-	-	20,973,367
Illinois State Dental Disciplinary Fund - 0823	3,725,222	690,770	(15,893)	100	4,400,199
Real Estate License Administration Fund - 0850	5,872,171	172,548	(126,016)	-	5,918,703
Design Professional Administration and Investigation Fund - 0888	1,396,059	9,920	(10,790)	-	1,395,189
State Treasurer Court Ordered Escrow Fund - 0932	-	-	-	15,622	15,622
Hearing Instrument Dispenser Examining and Disciplinary Fund - 0938	33,705	225	(225)	-	33,705
Illinois State Podiatric Disciplinary Fund - 0954	49,587	3,560	(4,545)	-	48,602
	<u>\$ 85,221,955</u>	<u>\$ 2,220,249</u>	<u>\$ (585,579)</u>	<u>\$ 20,680</u>	<u>\$ 86,877,305</u>

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**

**For the Year Ended June 30, 2009**

Fund	Receipts Per Department Records	Plus Deposits in Transit Beginning of Year	Less Deposits in Transit End of Year	Transfers/ Adjustments Other Funds	Deposits Per Comptroller Records
General Revenue Fund - 0001	\$ 337,211,217	\$ 1,411,542	\$ (2,202,335)	\$ (2,039,872)	\$ 334,380,552
Financial Institution Fund - 0021	7,903,137	136,939	(162,134)	1,200	7,879,142
General Professions Dedicated Fund - 0022	12,928,738	172,327	(457,506)	2,348	12,645,907
Fire Prevention Fund - 0047	21,319,308	14	-	-	21,319,322
Illinois State Pharmacy Disciplinary Fund - 0057	1,944,116	25,750	(21,480)	540	1,948,926
Illinois State Medical Disciplinary Fund - 0093	5,657,229	1,312,398	(48,010)	260	6,921,877
Registered CPA Administration and Disciplinary Fund - 0151	1,288,521	9,575	(582,030)	290	716,356
Professions Indirect Cost Fund - 0218	379	-	-	8,977	9,356
TOMA Consumer Protection Fund - 0241	80,000	-	-	-	80,000
Credit Union Fund - 0243	1,203,501	4,615	(8,510)	-	1,199,606
Savings and Residential Finance Regulatory Fund - 0244	6,608,161	343,071	-	-	6,951,232
Nurse Dedicated and Professional Fund - 0258	2,847,903	66,287	(46,100)	20	2,868,110
Optometric Licensing and Disciplinary Committee Fund - 0259	164,471	6,670	(6,935)	200	164,406
Insurance Premium Tax Refund Fund - 0378	-	-	-	2,039,872	2,039,872
Appraisal Administration Fund - 0386	218,849	2,325	(3,800)	-	217,374
Senior Health Insurance Program Fund - 0396	782,000	-	-	-	782,000
Protest Fund - 0401	12,677,039	-	-	-	12,677,039
Illinois Workers' Compensation Commission Operations Fund - 0534	14,662,472	-	-	-	14,662,472
Public Pension Regulation Trust Fund - 0546	1,793,452	170,430	(182,944)	-	1,780,938
Pawnbroker Regulation Fund - 0562	186,750	3,360	-	-	190,110
Real Estate Recovery Fund - 0629	18,032	-	(46)	-	17,986
Auction Regulation Administration Fund - 0641	35,000	500	(2,175)	-	33,325
Auction Recovery Fund - 0643	1,750	-	-	-	1,750
Group Self-Insurers Workers Compensation Fund - 739	162,383	-	-	-	162,383
Home Inspector Administration Fund - 0746	867,391	2,750	(4,500)	-	865,641
Bank and Trust Company Fund - 0795	29,868,472	1,850	-	-	29,870,322
Illinois State Dental Disciplinary Fund - 0823	1,518,209	10,630	(690,770)	-	838,069
Real Estate License Administration Fund - 0850	7,692,469	154,533	(172,548)	(825)	7,673,629
Design Professional Administration and Investigation Fund - 0888	1,307,264	7,640	(9,920)	-	1,304,984
Insurance Producers' Administration Fund - 0922	24,520,792	434,761	(848,192)	2,950	24,110,311
Hearing Instrument Dispenser Examining and Disciplinary Fund - 0938	1,755	135	(225)	-	1,665
Illinois State Podiatric Disciplinary Fund - 0954	490,220	2,315	(3,560)	-	488,975
Insurance Financial Regulation Fund - 0997	23,402,950	30,344	(40,589)	-	23,392,705
	<u>\$ 519,363,930</u>	<u>\$ 4,310,761</u>	<u>\$ (5,494,309)</u>	<u>\$ 15,960</u>	<u>\$ 518,196,342</u>

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BY FUND**

The Department of Financial and Professional Regulation's (Department) analysis of significant fluctuations in expenditures as presented in the Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances by Fund is detailed below.

We obtained explanations from Department personnel for material fluctuations in expenditures between years. We considered fluctuations in excess of 15% and \$100,000 to be significant. Explanations of material expenditure fluctuations are as follows:

Division of Financial Institutions

Financial Institution Fund (0021) expenditures increased \$590,930 (16%) from fiscal year 2008 to 2009. This increase resulted from three additional headcount, union increases, retirement rate increase and financial literacy grants awarded during fiscal year 2009.

TOMA Consumer Protection Fund (0241) (non-appropriated) expenditures increased \$127,663 (100%) from fiscal year 2009 to 2010. This increase was due to restitution payments to consumers pursuant to the Illinois Transmitters of Money Act.

Division of Insurance

Senior Health Insurance Program Fund (0396) expenditures increased \$195,597 (36%) from fiscal year 2008 to 2009. This increase resulted from increased spending over the course of the fiscal year associated with volunteer training, additional SHIP-sponsored public awareness campaigns and advertising initiatives, as well as an increase in the number of SHIP conferences held statewide, all aimed at assisting Illinois seniors in making informed Medicare/Medicaid choices.

Insurance Premium Tax Refund Fund (0378) (non-appropriated) expenditures decreased \$1,221,428 (69%) from fiscal year 2008 to 2009. This decrease was due to the overall decrease of refunds requested of annual premium tax collections processed for fiscal year 2009.

All fluctuations from fiscal year 2009 to 2010 (appropriated and non-appropriated) are due to the re-establishment of the Department of Insurance on June 1, 2009 by Executive Order 2009-04 of the Governor.

## Division of Banking

Bank and Trust Company Fund (0795) (non-appropriated) expenditures increased \$211,153 (100%) from fiscal year 2008 to 2009 and decreased \$211,153 from fiscal year 2009 to 2010 due to a one-time payment of costs pursuant to settlement of Illinois Credit Union League litigation, Case No. 04-CH-654. Under the terms of the agreement reached in May 2008 between various State parties and representatives of various financial services, the Department agreed, inter alia, to lower certain regulatory fees as of the beginning of fiscal year 2008 and to provide cash refunds to industry participants for overpayments made between that date and effective date of Public Act 95-1047.

## Division of Professional Regulation

General Professions Dedicated Fund (0022) expenditures increased \$1,204,071 (31%) from fiscal year 2008 to 2009. This increase was largely due to the transfer of appropriations from the Illinois State Pharmacy Disciplinary Fund (0057) to the General Professions Dedicated fund (0022) in fiscal year 2009.

Illinois State Pharmacy Disciplinary Fund (0057) (appropriated) expenditures decreased \$4,012,410 (100%) from fiscal year 2008 to 2009. This decrease was due to the transfer of appropriations from the Illinois State Pharmacy Disciplinary Fund (0057) to the General Professions Dedicated Fund (0022) in fiscal year 2009. Additionally, \$3.1 million in pharmacy grants appropriations were moved from the Department's appropriations to three Illinois universities' appropriations in fiscal year 2009.

Illinois State Pharmacy Disciplinary Fund (0057) (non-appropriated) expenditures increased \$141,500 (100%) from fiscal year 2008 to 2009 and decreased \$141,500 (100%) from fiscal year 2009 to 2010 due to a licensee refund due to litigation settlement, Case No. 05-CH-16525.

Professions Indirect Cost Fund (0218) expenditures decreased \$8,990,704 (27%) from fiscal year 2009 to 2010. This decrease was due to the re-establishment of the Department of Insurance in fiscal year 2010. The Department of Insurance support staff for administrative services, human resources, fiscal, information technology, and legal had previously been allocated to this fund.

Nurse Dedicated and Professional Fund (0258) expenditures decreased \$273,179 (18%) from fiscal year 2008 to 2009. This decrease was due to expenditures related to a survey performed by the Nursing Advisory Board in fiscal year 2008. Nurse Dedicated and Professional Fund (0258) expenditures increased \$232,432 (18%) from fiscal year 2009 to 2010. This increase was due to union wage increases and an increase in the retirement rate.

Appraisal Administration Fund (0386) decreased \$256,133 (43%) from fiscal year 2008 to 2009 and increased \$197,693 (59%) from fiscal year 2009 to 2010 due to expenditures related to the forwarding of appraisal fees to the federal government on a biennial cycle for the printing of a national registry of appraisers, which occurs during the even numbered fiscal years.

State Treasurer Court Ordered Escrow Fund (0932) (non-appropriated) increased \$26,603,914 (100%) from fiscal year 2008 to 2009 and decreased \$26,383,799 (99%) from fiscal year 2009 to 2010 due to the settlement of the Illinois Credit Union League litigation, Case No. 04-CH-654 during fiscal year 2009.

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
**BY MAJOR OBJECT CODE**

The Department of Financial and Professional Regulation's (Department) analysis of significant fluctuations in expenditures as presented in the Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances by Major Object Code is detailed below.

We obtained explanations from Department personnel for material fluctuations in expenditures between years. We considered fluctuations in excess of 15% and \$100,000 to be significant. Explanations of material expenditure fluctuations are as follows:

Personal services expenditures decreased \$14,814,459 (30%) from fiscal year 2009 to 2010 as a result of the re-establishment of the Department of Insurance. Consequently, the Department no longer includes Division of Insurance personnel in its headcount.

Retirement – employee contribution expenditures increased \$2,453,756 (31%) from fiscal year 2008 to 2009 as a result of the established pension contribution rate changing from 16.6% in fiscal year 2008 to 21.05% in fiscal year 2009.

Social security expenditures decreased \$1,066,974 (30%) from fiscal year 2009 to 2010 as a result of the re-establishment of the Department of Insurance. Consequently, the Department no longer includes Division of Insurance personnel in its headcount.

Group insurance expenditures decreased \$3,473,043 (33%) from fiscal year 2009 to 2010 as a result of the re-establishment of the Department of Insurance. Consequently, the Department no longer includes Division of Insurance personnel in its headcount.

Contractual services expenditures decreased \$2,068,191 (23%) from fiscal year 2009 to 2010 as a result of the re-establishment of the Department of Insurance and transfer of applicable appropriations.

Equipment expenditures increased \$108,596 (80%) from fiscal year 2008 to 2009 and decreased \$241,386 (99%) from fiscal year 2009 to 2010 as a result of the purchase of eight new automobiles in fiscal year 2009 and the re-establishment of the Department of Insurance and transfer of applicable appropriations in fiscal year 2010.

Electronic data processing expenditures increased \$681,136 (19%) from fiscal year 2008 to 2009 as a result of development and upgrade to Department systems and databases. Electronic data processing expenditures decreased \$2,544,012 (58%) from fiscal year 2009 to 2010 as a result of the re-establishment of the Department of Insurance and transfer of applicable appropriations.

Telecommunications expenditures decreased \$241,636 (20%) from fiscal year 2008 to 2009 as a result of various office relocations within the Department during fiscal year 2008.

Telecommunications expenditures decreased \$345,300 (37%) from fiscal year 2009 to 2010 as a result of the re-establishment of the Department of Insurance and transfer of applicable appropriations.

Lump sum expenditures decreased \$1,846,399 (46%) from fiscal year 2009 to 2010 as a result of the re-establishment of the Department of Insurance and lump sum expenditures of the Senior Health Insurance Program and the Illinois Worker's Compensation Commission Anti-Fraud program no longer included in the Department's expenditures during fiscal year 2010.

Awards and grants expenditures (appropriated) decreased \$3,190,850 (95%) from fiscal year 2008 to 2009 as a result of \$3.1 million in pharmacy grants appropriations being moved from the Department's appropriations to three Illinois universities' appropriations in fiscal year 2009.

Awards and grants expenditures (non-appropriated) increased \$26,928,914 (100%) from fiscal year 2008 to 2009 and decreased \$26,708,799 (99%) from fiscal year 2009 to 2010 as a result of a settlement of the Illinois Credit Union League litigation, Case No. 04-CH-654.

Awards and grants, lump sums and other purposes expenditures (non-appropriated) increased \$134,599 (100%) from fiscal year 2009 to 2010 as a result of restitution to consumers pursuant to the Illinois Transmitters of Money Act.

Refunds (non-appropriated) decreased \$1,079,928 (61%) from fiscal year 2008 to 2009 as a result of the overall decrease of refunds requested of annual premium tax collections processed for fiscal year 2009. Refunds (non-appropriated) decreased \$694,787 (100%) from fiscal year 2009 to 2010 as a result of the re-establishment of the Department of Insurance and a licensee refund due to litigation settlement, Case No. 05-CH-16525.

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BY FUND**

The Department's analysis of significant fluctuations in cash receipts as presented in the Comparative Schedule of Cash Receipts by Fund is detailed below. We considered fluctuations in excess of 20% and \$250,000 to be significant.

Division of Financial Institutions

Credit Union Fund (0243) receipts decreased \$3,894,045 (76%) from fiscal year 2008 to 2009 and increased \$3,494,064 (290%) from fiscal year 2009 to 2010 as a result of a change in the billing method for licensees. Beginning in calendar year 2009, license fees were collected on a quarterly billing cycle instead of annually, resulting in only one quarterly fee collection in fiscal year 2009 and four quarterly fee collections in fiscal year 2010.

Division of Insurance

Senior Health Insurance Program Fund (0396) receipts increased \$307,100 (65%) from fiscal year 2008 to 2009 as a result of unexpended federal grant funds that the Department was allowed to carryover into the next fiscal year.

Insurance Financial Regulation Fund (0997) receipts increase \$5,434,130 (30%) from fiscal year 2008 to 2009 as a result of the annual registration fees being billed later in the fiscal year 2008 than normal, resulting in more of these fees being received in fiscal year 2009.

All fund fluctuations from fiscal year 2009 to 2010 are a result of the re-establishment of the Department of Insurance on June 1, 2009 by Executive Order 2009-04 of the Governor.

Division of Banking

Savings and Residential Finance Regulatory Fund (0244) receipts decreased \$2,578,243 (28%) from fiscal year 2008 to 2009 as a result of a significant decrease in the number of licensees and fee reductions during fiscal year 2009 pursuant to settlement of the Illinois Credit Union League litigation. Receipts decreased \$1,341,360 (20%) from fiscal year 2009 to fiscal year 2010 as a result of a decrease in the number of licensees, adjustment to fees assessed during transition to fee collection through the National Mortgage License System, and fee reductions from the settlement of the Illinois Credit Union League litigation, Case No. 04-CH-654.

Bank and Trust Company Fund (0795) receipts decreased by \$8,895,105 (30%) from fiscal year 2009 to fiscal year 2010 as a result of bank closures and fee rate reductions resulting from the settlement of the Illinois Credit Union League litigation, Case No. 04-CH-654. Additionally, institutions received a credit that was applied to their first quarter fiscal year 2010 fees.



## Division of Professional Regulation

In general, variances in receipts were due to fee changes, renewal periods, changes in number of licensees and changes in profession titles and qualifications. Professions have renewal periods of one, two or three years. Specific profession variances in receipts follow:

Illinois State Pharmacy Disciplinary Fund (0057) receipts decreased \$2,413,935 (55%) from fiscal year 2008 to 2009 and increased \$2,576,370 (133%) from fiscal year 2009 to 2010 due to the renewal cycle of registered pharmacists, with renewals during fiscal years 2008 and 2010.

Illinois State Medical Disciplinary Fund (0093) receipts decreased \$6,889,757 (55%) from fiscal year 2008 to 2009 and decreased \$3,971,856 (70%) from fiscal year 2009 to 2010 due to the renewal cycle of the medical profession, with renewals during fiscal year 2008.

Registered CPA Administration and Disciplinary Fund (0151) receipts increased \$840,410 (188%) from fiscal year 2008 to 2009 and increased \$1,735,787 (135%) from fiscal year 2009 to 2010 as a result of the renewal cycle of the public accounting profession, with renewals during fiscal year 2010. The Department received a portion of fiscal year 2010 renewals during fiscal year 2009.

Nurse Dedicated and Professional Fund (0258) receipts decreased \$7,772,417 (73%) from fiscal year 2008 to 2009 and increased \$8,281,464 (291%) due to the renewal cycle of the nursing profession, with renewals during fiscal years 2008 and 2010.

Optometric Licensing and Disciplinary Committee Fund (0259) receipts decreased \$841,164 (84%) from fiscal year 2008 to 2009 and increased \$762,067 (463%) from fiscal year 2009 to 2010 due to the renewal cycle of the optometrist profession, with renewals during fiscal years 2008 and 2010.

Appraisal Administration Fund (0386) receipts decreased \$2,412,378 (92%) from fiscal year 2008 to 2009 and increased \$2,188,369 (1,000%) from fiscal year 2009 to 2010 due to the renewal cycle of the appraisal profession, with renewals during fiscal years 2008 and 2010.

Auction Regulation Administration Fund (0641) receipts decreased \$573,443 (94%) from fiscal year 2008 to 2009 due to the renewal cycle of the auction regulation profession, with renewals during fiscal year 2008.

Home Inspector Administration Fund (0746) receipts increased \$729,546 (529%) from fiscal year 2008 to 2009 and decreased by \$730,965 (84%) from fiscal year 2009 to 2010 due to the renewal cycle of the home inspector profession, with renewals during fiscal year 2009.

Illinois State Dental Disciplinary Fund (0823) receipts increased \$1,177,558 (340%) from fiscal year 2008 to 2009 and increased \$2,207,013 (145%) from fiscal year 2009 to 2010 due to the renewal cycle of the dental profession, with renewals during fiscal year 2010. The Department received a portion of fiscal year 2010 renewals during fiscal year 2009.

Real Estate License Administration Fund (0850) receipts decreased \$1,820,298 (24%) from fiscal year 2009 to 2010 due to the renewal cycle of the real estate license profession. Brokers and salespersons renew on a biennial basis, with approximately 29,500 brokers renewing during fiscal year 2010 and approximately 59,500 salespersons renewing during fiscal year 2009, resulting in more receipts in fiscal year 2009.

Illinois State Podiatric Disciplinary Fund (0954) receipts increased \$434,857 (785%) from fiscal year 2008 to 2009 and decreased \$440,633 (90%) from fiscal year 2009 to 2010 due to the renewal cycle of the podiatrist profession, with renewals during fiscal year 2009.

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BY DIVISION**  
**BY REVENUE CATEGORY**

The Department's analysis of significant fluctuations in cash receipts as presented in the Comparative Schedule of Cash Receipts by Division by Revenue Category is detailed below. We considered fluctuations in excess of 20% and \$250,000 to be significant.

Division of Financial Institutions

Credit union regulatory fees decreased \$3,909,692 (77%) from fiscal year 2008 to 2009 and increased \$3,495,349 (306%) from fiscal year 2009 to 2010 as a result of a change in the billing method for licensees. Beginning in calendar year 2009, license fees were collected on a quarterly billing cycle instead of annually, resulting in only one quarterly fee collection in fiscal year 2009 and four quarterly fee collections in fiscal year 2010.

Fines, penalties or violations increased \$313,497 (30%) from fiscal year 2008 to 2009 as a result of an increased effort in collecting outstanding fines and additional legal action against unlicensed entities resulting in fines and settlement of various litigation resulting in payment of outstanding fines.

Division of Insurance

Regulatory insurance licenses and fees increased by \$5,377,817 (30%) from fiscal year 2008 to 2009 as a result of the annual registration fees being billed later in the fiscal year 2008 than normal, resulting in more of these fees being received in fiscal year 2009.

Federal government grant increased \$307,100 (65%) from fiscal year 2008 to 2009 as a result of unexpended federal grant funds that the Department was allowed to carryover into the next fiscal year.

Fines, penalties, interest decreased \$2,097,801 (42%) from fiscal year 2008 to 2009 as a result of a substantial penalty collected in 2008 from a surplus line agent.

Miscellaneous increased \$341,856 (62,156%) from fiscal year 2008 to 2009 as a result of a more accurate categorization of receipts. Amounts were previously included in licenses and fees line items.

All revenue category fluctuations from fiscal year 2009 to 2010 are a result of the establishment of the Department of Insurance on June 1, 2009 by Executive Order 2009-04 of the Governor.

## Division of Banking

Bank examination fees decreased \$5,733,349 (30%) from fiscal year 2009 to 2010 as a result of bank closures and fee rate reductions resulting from the settlement of the Illinois Credit Union League litigation, Case No 04-CH-654. Additionally, institutions received a credit that was applied to their first quarter fiscal year 2010 fees.

Mortgage banking registrations decreased \$1,800,771 (37%) from fiscal year 2008 to 2009 and decreased \$1,083,873 (36%) from fiscal year 2009 to 2010 as a result of a decrease in the number of licenses and fee reduction during fiscal year 2009 pursuant to settlement of the Illinois Credit Union League litigation, Case No. 04-CH-654.

Loan originator licenses and fees decreased \$571,170 (27%) from fiscal year 2008 to 2009 and \$385,187 (24%) from fiscal year 2009 to 2010 as a result of a decrease in the number of licenses.

EDP examination fees decreased \$997,248 (27%) from fiscal year 2009 to 2010 as a result of fee rate reduction resulting from the settlement of the Illinois Credit Union League litigation, Case No. 04-CH-654.

International bank examination fees decreased \$2,118,086 (48%) from fiscal year 2009 to 2010 as a result of bank closures and a fee rate reduction resulting from the settlement of the Illinois Credit Union League litigation, Case No. 04-CH-654.

Fines, penalties or violations increased \$487,696 (259%) due to a shift in enforcement of improper license surrender from revocations to fines. Also in 2010, additional fines resulted from new enforcements tied to loan modification activities.

## Division of Professional Regulation

Medical licenses and fees decreased \$6,889,757 (55%) from fiscal year 2008 to 2009 and decreased \$3,971,856 (70%) from fiscal year 2009 to 2010 due to the renewal cycle of the medical profession, with renewals during fiscal year 2008.

Dental licenses and fees increased \$1,177,558 (346%) from fiscal year 2008 to 2009 and increased \$2,207,013 (145%) due to the renewal cycle of the dental profession, with renewals during fiscal year 2010. The Department received a portion of fiscal year 2010 renewals during fiscal year 2009.

Nursing licenses and fees decreased \$7,772,417 (73%) from fiscal year 2008 to 2009 and increased \$8,281,464 (291%) from fiscal year 2009 to 2010 due to the renewal cycles of nursing professions, renewals during fiscal years 2008 and 2010.

Pharmacy licenses and fees decreased \$2,413,935 (55%) from fiscal year 2008 to 2009 and increased \$2,576,370 (133%) from fiscal year 2009 to 2010 due to the renewal cycle of registered pharmacists, with renewals during fiscal years 2008 and 2010.

Podiatric physician licenses and fees increased \$434,857 (785%) from fiscal year 2008 to 2009 and decreased \$440,633 (90%) from fiscal year 2009 to 2010 due to renewal cycles for podiatrist profession, with renewals during fiscal year 2009.

CPA licenses and fees increased \$840,410 (188%) from fiscal year 2008 to 2009 and \$1,735,787 (135%) from fiscal year 2009 to 2010 due to the renewal cycle of the public accountant profession, with renewals during fiscal year 2010. The Department received a portion of fiscal year 2010 renewals during fiscal year 2009.

Optometrics licenses and fees decreased \$841,164 (84%) from fiscal year 2008 to 2009 and increased \$762,067 (463%) from fiscal year 2009 to 2010 due to the renewal cycle of the optometrist profession, with renewals during fiscal years 2008 and 2010.

Real estate licenses and fees increased \$1,173,845 (20%) from fiscal year 2008 to 2009 and decreased \$1,756,057 (24%) from fiscal year 2009 to 2010 due to the renewal cycle of the real estate license profession. Brokers and salespersons renew on a biennial basis, with approximately 29,500 brokers renewing during fiscal year 2010 and approximately 59,500 salespersons renewing during fiscal year 2009, resulting in more receipts in fiscal year 2009.

Home inspector licenses and fees increased \$729,446 (529%) from fiscal year 2008 to 2009 and decreased \$731,133 (84%) from fiscal year 2009 to 2010 due to the renewal cycle of the home inspector profession, with renewals during fiscal year 2009.

Appraisal licenses and fees decreased \$2,414,928 (92%) from fiscal year 2008 to 2009 and increased \$2,189,919 (1,012%) from fiscal year 2009 to 2010 due to the renewal cycle of the appraisal profession, with renewals during fiscal years 2008 and 2010.

Auctioneer licenses and fees decreased \$573,443 (94%) from fiscal year 2008 to 2009 due to the renewal cycle of the auction regulation profession, with renewals during fiscal year 2008.

**STATE OF ILLINOIS**  
**DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
**BY MAJOR OBJECT CODE**

The Department of Financial and Professional Regulation's (Department) analysis of significant lapse period spending, as presented in the Schedule of Appropriations, Expenditures and Lapsed Balances by Major Object Code, for fiscal years 2010 and 2009 for lapse period expenditures exceeding 20% and \$15,000 of total expenditures are detailed below.

Fiscal Year 2010

Telecommunications expenditures of \$192,202 (32%) during the lapse period resulted from the timing and review of billings from Communications Revolving Fund billings from the Department of Central Management Services (CMS).

Fiscal Year 2009

Printing expenditures of \$40,100 (25%) during the lapse period resulted from various printing expenses incurred prior to June 30 and paid during the lapse period. The printing expenses pertained to financial identify theft brochures, professional regulation forms, and insurance license and renewal forms.

Equipment expenditures of \$207,696 (85%) during the lapse period resulted from an invoice payment for eight new automobiles and several workstations ordered prior to June 30 and paid during the lapse period.

Electronic data processing expenditures of \$1,079,120 (25%) during the lapse period resulted from the timing of billings from various vendors and timing and review of Statistical Services Revolving Fund billings from CMS.

Refunds of \$30,898 (28%) during the lapse period resulted from the timing of when requests for refunds are received by the Department.

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**ANALYSIS OF ACCOUNTS RECEIVABLE**

**June 30, 2010**

An aging schedule of the Department's accounts receivable (expressed in thousands) at June 30, 2010 is presented below:

Aging Schedule	Financial Institution Fund 0021	General Professions Dedicated Fund 0022	Illinois State Pharmacy Disciplinary Fund 0057	Illinois State Medical Disciplinary Fund 0093	Registered CPA Administration and Disciplinary Fund 0151	Credit Union Fund 0243	Savings and Residential Finance Regulatory Fund 0244
Current	\$ 98	\$ 130	\$ 59	\$ 89	\$ -	\$ 2	\$ 139
31-60	5	8	-	6	-	-	402
61-120	183	12	-	7	12	-	249
121-180	445	19	-	7	11	-	141
181-365	392	65	-	19	10	-	157
Over 365	589	305	73	169	12	-	416
Accounts Receivable Gross Balance	1,712	539	132	297	45	2	1,504
Less: Estimated Uncollectibles	-	(351)	(70)	(181)	(26)	-	-
Accounts Receivable Net Balance	<u>\$ 1,712</u>	<u>\$ 188</u>	<u>\$ 62</u>	<u>\$ 116</u>	<u>\$ 19</u>	<u>\$ 2</u>	<u>\$ 1,504</u>

(Continued)

NOTE: The Department uses private collection services and the offset system in its efforts to collect past due receivables.

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**ANALYSIS OF ACCOUNTS RECEIVABLE**

**June 30, 2010**

Aging Schedule	Nurse Dedicated and Professional Fund 0258	Optometric Licensing and Disciplinary Committee Fund 0259	Appraisal Administration Fund 0386	Pawnbroker Regulation Fund 0562	Real Estate Recovery Fund 0629	Auction Regulation Administration Fund 0641	Auction Recovery Fund 0643
Current	\$ 2	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -
31-60	1	-	14	-	-	-	-
61-120	10	5	12	1	5	-	-
121-180	1	-	-	1	30	15	-
181-365	15	-	6	2	23	-	-
Over 365	148	44	55	-	1,560	60	102
Accounts Receivable Gross Balance	177	49	94	4	1,618	75	102
Less: Estimated Uncollectibles	(155)	(43)	(62)	-	(1,512)	(63)	(97)
Accounts Receivable Net Balance	<u>\$ 22</u>	<u>\$ 6</u>	<u>\$ 32</u>	<u>\$ 4</u>	<u>\$ 106</u>	<u>\$ 12</u>	<u>\$ 5</u>

(Continued)



**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**ANALYSIS OF ACCOUNTS RECEIVABLE**

**June 30, 2010**

Aging Schedule	Home Inspector Administration Fund 0746	Bank and Trust Company Fund 0795	Illinois State Dental Disciplinary Fund 0823	Real Estate License Administration Fund 0850	Design Professional Administration and Investigation Fund 0888	Illinois State Podiatric Disciplinary Fund 0954	Total
Current	\$ -	\$ 6,957	\$ 11	\$ 4	\$ 6	\$ -	\$ 7,504
31-60	-	-	-	-	-	-	436
61-120	-	-	10	-	-	-	506
121-180	3	-	-	1	-	-	674
181-365	-	7	1	2	-	-	699
Over 365	20	48	166	4	336	22	4,129
Accounts Receivable Gross Balance	23	7,012	188	11	342	22	13,948
Less: Estimated Uncollectibles	(20)	-	(160)	(6)	(319)	(21)	(3,086)
Accounts Receivable Net Balance	<u>\$ 3</u>	<u>\$ 7,012</u>	<u>\$ 28</u>	<u>\$ 5</u>	<u>\$ 23</u>	<u>\$ 1</u>	<u>\$ 10,862</u> (Concluded)

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**ANALYSIS OF ACCOUNTS RECEIVABLE**

**June 30, 2009**

An aging schedule of the Department's accounts receivable (expressed in thousands) at June 30, 2009 is presented below:

Aging Schedule	General Revenue Fund 0001	Financial Institution Fund 0021	General Professions Dedicated Fund 0022	Illinois State Pharmacy Disciplinary Fund 0057	Illinois State Medical Disciplinary Fund 0093	Registered CPA Administration and Disciplinary Fund 0151	Credit Union Fund 0243	Savings and Residential Finance Regulatory Fund 0244
Current	\$ 181	\$ 71	\$ 33	\$ -	\$ 8	\$ -	\$ 1,146	\$ 246
31-60	486	7	3	-	-	-	-	33
61-120	345	2	20	1	7	-	-	14
121-180	248	4	34	-	20	9	-	29
181-365	80	10	60	1	33	6	-	135
Over 365	4,670	7	257	74	138	12	-	316
Accounts Receivable Gross Balance	6,010	101	407	76	206	27	1,146	773
Less: Estimated Uncollectibles	(284)	-	(307)	(71)	(165)	(20)	-	-
Accounts Receivable Net Balance	<u>\$ 5,726</u>	<u>\$ 101</u>	<u>\$ 100</u>	<u>\$ 5</u>	<u>\$ 41</u>	<u>\$ 7</u>	<u>\$ 1,146</u>	<u>\$ 773</u>

(Continued)

NOTE: The Department uses private collection services and the offset system in its efforts to collect past due receivables.

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**ANALYSIS OF ACCOUNTS RECEIVABLE**

**June 30, 2009**

Aging Schedule	Nurse Dedicated and Professional Fund 0258	Optometric Licensing and Disciplinary Committee Fund 0259	Appraisal Administration Fund 0386	Public Pension Regulation Trust Fund 0546	Pawnbroker Regulation Fund 0562	Real Estate Recovery Fund 0629	Auction Regulation Administration Fund 0641	Auction Recovery Fund 0643
Current	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
31-60	5	-	17	199	-	45	-	-
61-120	1	-	5	-	2	10	-	-
121-180	1	1	-	-	-	-	-	-
181-365	-	10	1	-	-	112	-	-
Over 365	146	33	48	-	-	1,445	60	102
Accounts Receivable Gross Balance	153	44	71	199	2	1,612	60	102
Less: Estimated Uncollectibles	(140)	(39)	(51)	-	-	(1,468)	(57)	(97)
Accounts Receivable Net Balance	<u>\$ 13</u>	<u>\$ 5</u>	<u>\$ 20</u>	<u>\$ 199</u>	<u>\$ 2</u>	<u>\$ 144</u>	<u>\$ 3</u>	<u>\$ 5</u>

(Continued)

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**ANALYSIS OF ACCOUNTS RECEIVABLE**

**June 30, 2009**

Aging Schedule	Home Inspector Administration Fund 0746	Bank and Trust Company Fund 0795	Illinois State Dental Disciplinary Fund 0823	Real Estate License Administration Fund 0850	Design Professional Administration and Investigation Fund 0888	Insurance Producers' Administration Fund 0922	Illinois State Podiatric Disciplinary Fund 0954	Insurance Financial Regulation Fund 0997	Total
Current	\$ -	\$ 6,632	\$ -	\$ 1	\$ -	\$ 126	\$ -	\$ 16,754	\$ 25,198
31-60	-	-	3	5	-	4	-	1	808
61-120	1	8	-	-	-	2	-	11	429
121-180	-	41	-	-	2	-	18	4	411
181-365	2	-	-	2	16	2	-	-	470
Over 365	15	3	179	3	328	2	5	46	7,889
Accounts Receivable Gross Balance	18	6,684	182	11	346	136	23	16,816	35,205
Less: Estimated Uncollectibles	(16)	-	(171)	(5)	(324)	(3)	(12)	(48)	(3,278)
Accounts Receivable Net Balance	<u>\$ 2</u>	<u>\$ 6,684</u>	<u>\$ 11</u>	<u>\$ 6</u>	<u>\$ 22</u>	<u>\$ 133</u>	<u>\$ 11</u>	<u>\$ 16,768</u>	<u>\$ 31,927</u>

(Concluded)

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**AGENCY FUNCTIONS AND PLANNING PROGRAM**

**For the Two Years Ended June 30, 2010**

**AGENCY FUNCTIONS**

The Department of Financial and Professional Regulation (IDFPR), through its operational components, the Division of Banking, Division of Financial Institutions, Division of Professional Regulation, and Division of Insurance (fiscal year 2009 only) oversees the regulation and licensure of banks and financial institutions, real estate businesses and professionals, insurance companies (fiscal year 2009 only), and various licensed professions, enforces standards of professional practice and protects the rights of Illinois residents in their transactions with regulated industries.

The Department's mission is to protect and promote the lives of Illinois consumers. IDFPR regulates and oversees over one million professionals and licensed entities in nearly 100 industries. IDFPR also monitors most of the State's financial institutions, which have combined assets in excess of \$4 trillion. Strategic priorities include:

- Maintaining the safety and soundness of financial services businesses
- Enhancing responsiveness of regulatory enforcement
- Improving efficiency and effectiveness of licensure and enforcement functions
- Educating consumers and the public about legal rights and remedies
- Promoting economic activity throughout Illinois

The Department's current initiatives are as follows:

- Reducing regulatory bureaucracy and operation costs by eliminating duplicative functions while at the same time increasing consumer and industry services.
- Creating and implementing a consolidated, department-wide consumer call center to ensure timely and appropriate response to consumer complaints.
- Improving public knowledge of complaint resolution resources and consumer protection functions.
- Identifying refinements to regulatory statutes and rules to improve public safety and health, industry compliance and organizational efficiencies.
- Increasing electronic license renewal, via Internet, Touch Tone telephone, and Electronic Funds Transfer, by standardizing systems and leveraging technology resources.
- Creating a standardized platform for licensing and enforcement activity agency-wide.
- Completing the implementation of the Cemetery Oversight Act. The Department became responsible for implementing the Act during fiscal year 2010 and originally submitted proposed rules to the Joint Committee on Administrative Rules on April 9, 2010. The Department is continually working to complete the implementation.

## **DEPARTMENT PROGRAMS**

### **Evaluation and Licensing:**

The Department evaluates and acts upon license applications from regulated industries. IDFPR protects consumers by evaluating the safety, soundness and professional integrity of license applicants.

### **Investigation and Enforcement:**

The Department safeguards the health and welfare of consumers and the public by investigating illegal activities and consumer complaints and taking enforcement actions when warranted. The Department also adjudicates complaints relating to violations of professional standards of practice. The Department reviews and investigates consumer complaints and allegations of professional misconduct and illegal activity; adjudicates administrative actions arising from such complaints and allegations; takes appropriate enforcement action to discipline wrongdoers; and, works with other state and federal agencies and law enforcement to coordinate action against major offenders.

### **Regulation and Supervision:**

The Department maintains the safety and soundness of Illinois financial services businesses by performing regular, impartial examinations and audits of entities and professionals to ensure compliance with statutory solvency and other essential accreditation requirements. The Department conducts ongoing regulatory and supervisory functions of financial services businesses and other professions. IDFPR examiners perform regular examinations and audits of regulated entities to ensure compliance with statutory requirements. Additionally, the Department educates and informs consumers about industries and individuals under its jurisdiction, and receives complaints and inquiries regarding licensees.

### **Consumer Awareness and Education:**

The Department informs and educates Illinois consumers about the industries, professions, entities, and individuals under agency jurisdiction.

### **Department Center:**

#### **Legal**

The General Counsel's Office provides a variety of essential legal services to IDFPR's operating divisions and Secretary's Office. Among other duties, the Office is responsible for conducting formal hearings, drafting necessary legislation and administering the rule making process, drafting and administering vendor contracts, managing complex litigation and advising the divisions regarding legal issues arising in the course of their work. The Office also conducts internal investigations and responds to inquiries from the Office of the Executive Inspector General, other governmental agencies and the public as needed.

## **Information Technology**

This unit provides support for the Department's technology resources including systems analysis, telecommunications networking, programming, microcomputer support, and user training.

## **Legislative Affairs**

This unit develops the Department's legislative agenda; coordinates IDFPR comments on legislation and drafts issue papers, fact sheets and bill reviews. The unit also monitors legislation affecting the Department and its regulated industries/entities, negotiates controversial legislation with legislators, Governor's staff and special interest groups, and handles constituent inquiries referred by legislators, legislative staff and the Governor's office.

## **Administrative Services**

Administrative Services provides general administrative and clerical support as needed for IDFPR staff, coordinates activities related to agency facilities and moves, including coordinating and assigning office space allocation, manages telecommunications resources, orders, maintains and delivers essential supplies and materials to staff, sorts, files and distributes internal and external mail, develops, implements and administers document management and destruction policies and procedures, manages and administers the vehicle fleet assets and identifies, classifies and processes forms used within the agency through management of the print shop.

## **Fiscal Operations**

Fiscal Operations is responsible for preparing, implementing and monitoring the Department's annual budget. This Unit serves as the centralized accounting area of the agency, and is therefore responsible for all revenue collections, all appropriation expenditures, the accounts receivable reporting, accounts payable, travel and budget preparation.

## **Operating Divisions:**

### **Division of Professional Regulation**

The Division, comprised of two sections, Licensing and Testing and Enforcement maintains proper standards of licensee competence and protects the public from those who abuse their licenses. This responsibility encompasses issuing licenses and renewals, administering qualifying examinations for certain professions, establishing and enforcing rules of licensee conduct, investigating complaints against licensees, and taking appropriate disciplinary action against licensees who have violated applicable statutes and rules. The Division's mission is to serve, safeguard and promote public health, safety, and welfare by ensuring that licensure qualifications and professional practice standards are properly evaluated, applied, and enforced.

## **Division of Financial Institutions**

The Financial Institutions Code authorizes the Division to investigate, examine, license, and regulate certain Illinois financial institutions including currency exchanges, credit unions, title insurance companies, foreign exchanges and businesses making loans of \$25,000 or less. The Division's mission is to administer and enforce the law and regulations applicable to institutions under its jurisdiction and to protect the interests of Illinoisans in their dealings with the industries it regulates. The Division is comprised of three operating units: the Consumer Credit, Credit Union, and Currency Exchange Sections.

## **Division of Banking**

The Division licenses and regulates State chartered banks, trust companies, ATMs not owned by financial institutions, check printers, pawnbrokers, savings banks, savings and loans, and mortgage bankers and brokers. The Division's mission is to protect and educate the public and promote confidence in the industries it regulates by discharging its statutory responsibilities in an efficient, professional, responsive and innovative manner. The Division is comprised of the Bureau of Banks and Trust Companies and the Bureau of Residential Finance.

## **Division of Insurance – (Fiscal Year 2009 only)**

The Division monitors, regulates, and protects the rights of insurance buyers by enforcing the Illinois Insurance Code and related laws. The Division also protects Illinois citizens in their insurance transactions and monitors insurer solvency through effective administration and enforcement of the Insurance Code, Pension Code, and related laws. The Division's mission is to protect consumers by providing assistance and information, efficiently regulating insurer market conduct and solvency, and fostering a competitive marketplace. The Division is comprised of the Consumer Market and Financial/Corporate Regulatory Sections.

## **PLANNING PROGRAM**

Department of Financial and Professional Regulation has established a Strategic Plan. The plan includes a summary of the Department's priorities and initiatives. The Divisions' performance metrics are incorporated into the IDFPR Performance Metric Summary, which includes target dates/periods and descriptions of criteria to help the Department and the Divisions evaluate their priorities and initiatives. The Department examines key performance metrics quarterly in their Quarterly Management Report to the Governor's Office of Management and Budget (OMB).



**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**AVERAGE NUMBER OF EMPLOYEES**

**For the Years Ended June 30, 2010, 2009 and 2008**

The following table, prepared from Department records, presents the average number of employees for the fiscal years ended June 30:

<b><u>Division/Unit</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>
Division of Insurance	0	196	202
Division of Banking	156	162	148
Division of Professional Regulation	210	218	216
Division of Financial Institutions	61	64	70
Executive Office	7	8	4
Fiscal and Accounting Unit	5	9	28
Information Technology Unit	21	33	35
Human Resources Unit	0	0	9
General Counsel	15	29	38
Legislative Affairs Unit	7	6	7
Administrative Services Unit	21	25	25
Shared Services – Fiscal	15	22	0
Shared Services – Human Resources	<u>7</u>	<u>11</u>	<u>0</u>
<b>TOTAL</b>	<b><u>525</u></b>	<b><u>783</u></b>	<b><u>782</u></b>

**STATE OF ILLINOIS  
DEPARTMENT OF FINANCIAL AND PROFESSIONAL REGULATION**

**SERVICE EFFORTS AND ACCOMPLISHMENTS  
(Not Examined)  
For the Two Years Ended June 30, 2010**

The State of Illinois, Department of Financial and Professional Regulation (Department) is a state regulatory agency whose mission is to protect consumers of financial and professional services by ensuring the integrity and standards of regulated industries and professionals through an efficiently consolidated supervisory and enforcement function.

The Department oversees the regulation and licensure of banks and financial institutions, real estate businesses and professionals, insurance companies (fiscal year 2009 only) and various licensed professionals, enforces standards of professional practice and protects the rights of Illinois residents in their transactions with regulated industries.

Evaluating and Licensing

The Department evaluates and acts upon license applications from regulated industries. The Department protects consumers by evaluating the safety, soundness and professional integrity of license applicants.

Investigation and Enforcement

The Department safeguards the health and welfare of consumers and the public by investigating illegal activities and consumer complaints and taking enforcement actions when warranted. The Department also adjudicates complaints relating to violations of professional standards of practice.

Regulation and Supervision

The Department conducts ongoing regulatory and supervisory functions of financial service businesses and other professions. The Department's examiners perform regular examinations and audits of regulated entities and ensure compliance with statutory requirements. Additionally, the Department educates and informs consumers about industries and individuals under its jurisdiction, and receives complaints and inquiries regarding licensees.

Division of Financial Institutions

The Consumer Credit Division protects consumers and ensures that the entities regulated are in compliance with State and Federal statutes.

The Currency Exchange Division ensures that currency exchange services are delivered fairly and, by regulating the industry that provides those services, the public is provided with the protection intended by State law.

The Credit Union Division administers and enforces the laws and regulations pertaining to Illinois State-chartered credit unions and ensures the safety and soundness of these financial institutions; thereby protecting the interest of their members.

ACTIVITIES AND PERFORMANCE

	<u>FY10</u> <u>Actual</u>	<u>FY09</u> <u>Actual</u>	<u>FY08</u> <u>Actual</u>
Consumer Credit Division			
Number of licensees	2,283	2,323	2,360
Number of exams completed	2,075	2,297	2,392
Currency Exchange Division			
Number of licensed exchanges	665	708	769
Number of exams completed	535	682	601
Credit Union Division			
Number of licensees	294	310	324
Number of exams completed	224	213	223

Division of Insurance (Fiscal year 2009 only)

The Financial/Corporate and the Consumer Market Divisions protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace.

ACTIVITIES AND PERFORMANCE

	<u>FY09</u> <u>Actual</u>	<u>FY08</u> <u>Actual</u>
Financial/Corporate Division		
Financial statement analysis annual	379	391
Field financial examinations	112	88
Pension fund examinations completed	74	58
Consumer Market Division		
New/renewal licenses processed	37,463	37,838
Market conduct examinations completed	20	25
Closed consumer complaint files	11,125	10,871

## Division of Banking

The Bureau of Banks and Trust Companies serves and protects the public by chartering, authorizing, and supervising State-chartered commercial banks, foreign bank offices, and corporate fiduciaries in order to assure the safety and soundness of such institutions in compliance with applicable laws and regulations for the benefit of the public. The Bureau also registers check printers, non-financial institution deplorers of ATMs, and licenses pawnbrokers that operate in Illinois.

The Bureau of Residential Finance administers fairly the laws and regulations under its jurisdiction and provides effective and efficient supervision in order to protect the interests of the citizens of the State in their dealings with those industries regulated by the Bureau.

### ACTIVITIES AND PERFORMANCE

	<u>FY10</u>	<u>FY09</u>	<u>FY08</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Bureau of Banks and Trust Companies			
Number of domestic commercial banks	407	433	440
Number of foreign bank offices	11	12	12
Number of domestic corporate fiduciaries	172	182	185
Number of financial information systems entities	482	470	191
Number of pawnbroker licensees	235	221	213
Number of examinations performed	234	483	499
Number of applications reviewed	436	276	271
Percentage of newly chartered banks that chose a state vs. national charter	100%	100%	100%
Percentage of pawnshop complaints investigated within established time frames	100%	100%	100%
Bureau of Residential Finance			
Number of residential mortgage licensees	938	1,104	1,477
Number of savings and loans	2	2	2
Number of savings banks	32	39	39
Number of service corporations	23	23	23
Number of thrift examinations	11	26	27
Number of mortgage examinations	277	1,046	598
Number of license applications processed	98	107	202

Division of Professional Regulation

The Division of Licensing and Testing completes all licensing services expeditiously and professionally while providing the highest degree of quality and customer service.

The Division of Enforcement provides prompt, efficient, and fair enforcement of the statutes governing licensees for the betterment of all professions and protection of the people of Illinois.

ACTIVITIES AND PERFORMANCE

	<u>FY10</u>	<u>FY09</u>	<u>FY08</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
Division of Licensing and Testing			
Phone calls received by call center	167,299	150,966	163,810
New licenses issued	75,934	75,234	75,964
License renewals received	391,983	294,736	444,344
Initial applications received	85,663	84,325	89,998
Average call center waiting time (minutes)	15.5	14.0	13.0
Percentage of mail-in renewals processed	21.6%	27.0%	27.3%
Percentage of e-batch renewals processed	2.0%	3.0%	3.7%
Percentage of touch tone renewals processed	11.5%	11.0%	11.0%
Percentage of internet credit card renewals processed	64.8%	59.0%	59.0%
Division of Enforcement			
Complaints received	11,159	13,800	10,912
Complaints closed	12,707	11,300	8,720
Cases closed at investigations	3,815	4,500	5,154
Cases referred to prosecutions	4,944	3,200	1,659
Cases closed at prosecutions	1,302	1,655	1,205
Licensees placed on probation	603	530	455
Percentage of complaints closed	114.0%	85.0%	90.0%
Percentage of complaints to investigations	70.0%	70.0%	97.0%
Percentage of cases referred to closure in prosecutions	12.0%	17.0%	11.0%
Percentage of child support cases processed	4.0%	8.0%	1.6%
Percentage of Illinois student assistance commission cases processed	6.0%	4.5%	6.0%
Percentage of revenue cases processed	2.0%	2.8%	1.6%