



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**STATE BOARD OF ELECTIONS**

Compliance Examination  
 For the Two Years Ended June 30, 2017

Release Date: May 3, 2018

| FINDINGS THIS AUDIT: 4        |            |               |              | AGING SCHEDULE OF REPEATED FINDINGS |                   |                   |                   |
|-------------------------------|------------|---------------|--------------|-------------------------------------|-------------------|-------------------|-------------------|
|                               | <u>New</u> | <u>Repeat</u> | <u>Total</u> | <u>Repeated Since</u>               | <u>Category 1</u> | <u>Category 2</u> | <u>Category 3</u> |
| <b>Category 1:</b>            | <b>0</b>   | <b>0</b>      | <b>0</b>     | <b>No Repeat Findings</b>           |                   |                   |                   |
| <b>Category 2:</b>            | 4          | 0             | 4            |                                     |                   |                   |                   |
| <b>Category 3:</b>            | <u>0</u>   | <u>0</u>      | <u>0</u>     |                                     |                   |                   |                   |
| <b>TOTAL</b>                  | <b>4</b>   | <b>0</b>      | <b>4</b>     |                                     |                   |                   |                   |
| <b>FINDINGS LAST AUDIT: 3</b> |            |               |              |                                     |                   |                   |                   |

**SYNOPSIS**

- (17-01) The Board did not comply with certain requirements of the Election Code (10 ILCS 5).
- (17-02) The Board could not demonstrate compliance with all restrictions of the Raffles and Poker Runs Act (230 ILCS 15) when granting raffle licenses.

**Category 1:** Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

**Category 2:** Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

**Category 3:** Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

**STATE BOARD OF ELECTIONS  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2017**

| <b>EXPENDITURE STATISTICS</b>                          | <b>2017</b>          | <b>2016</b>         | <b>2015</b>          |
|--|----------------------|---------------------|----------------------|
| <b>Total Expenditures.....</b>                         | <b>\$ 10,009,241</b> | <b>\$ 8,289,411</b> | <b>\$ 19,725,898</b> |
| <b>OPERATIONS TOTAL.....</b>                           | <b>\$ 5,802,939</b>  | <b>\$ 5,300,885</b> | <b>\$ 7,322,742</b>  |
| % of Total Expenditures.....                           | 58.0%                | 63.9%               | 37.1%                |
| Personal Services.....                                 | 4,130,280            | 4,320,015           | 4,530,879            |
| Other Payroll Costs (FICA, Retirement).....            | 460,322              | 483,075             | 507,438              |
| All Other Operating Expenditures.....                  | 1,212,337            | 497,795             | 2,284,425            |
| <b>AWARDS AND GRANTS.....</b>                          | <b>\$ 4,206,302</b>  | <b>\$ 2,988,526</b> | <b>\$ 12,403,156</b> |
| % of Total Expenditures.....                           | 42.0%                | 36.1%               | 62.9%                |
| <b>Total Receipts.....</b>                             | <b>\$ 914,056</b>    | <b>\$ 427,722</b>   | <b>\$ 1,350,001</b>  |
| <b>Average Number of Employees (Not Examined).....</b> | <b>68</b>            | <b>69</b>           | <b>71</b>            |

| <b>SELECTED ACTIVITY MEASURES<br/>(Not Examined)</b>                                 | <b>2017</b> | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|-------------|
| <b>ELECTIONS DIVISION</b>  |             |             |             |
| Number of election judge schools requested.....                                      | 191         | 112         | 200         |
| Number of election jurisdiction submitting voter<br>registration database files..... | 109         | 109         | 110         |
| Number of nominating petitions filed.....  | 110         | 2,373       | 28          |
| Number of petition objections filed.....   | 15          | 153         | 1           |
| Number of petition copy requests received.....                                       | 15          | 7,335       | 3           |
| Number of election publications requested.....                                       | 23          | 278         | 267         |
| <b>CAMPAIGN DISCLOSURE DIVISION</b>  |             |             |             |
| Number of organizations that qualify as party organizations.....                     | 404         | 383         | 385         |
| Number of organizations that qualify as political action committees.....             | 1,038       | 1,007       | 1,021       |
| Number of outside complaints filed.....  | 45          | 32          | 23          |
| Number of raffle applications approved.....  | 941         | 914         | 909         |
| Number of financial disclosure reports reviewed.....                                 | 16,502      | 17,214      | 17,440      |
| Number of report amendments filed.....   | 900         | 1,200       | 1,463       |

| <b>EXECUTIVE DIRECTOR</b>                 |
|---|
| During Examination Period: Steve Sandvoss |
| Currently: Steve Sandvoss                 |

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**NONCOMPLIANCE WITH ELECTION CODE**

The State Board of Elections (Board) did not comply with certain requirements of the Election Code (10 ILCS 5) (Code) during the examination period.

**Failure to establish monitoring of business registrations and assessing civil penalties.**

As of the end of fieldwork, we noted the Board had not established monitoring mechanisms to determine whether business entities were updating their registrations as needed and, therefore, is not assessing the requisite civil penalty. Section 9-35(e) of the Code states the Board shall impose a civil penalty of \$1,000 per business day for failure to update a registration by a business entity as required by Section 20-160 of the Illinois Procurement Code (30 ILCS 500).

**Untimely updating of database**

Further, we noted 3 of 9 (33%) Board actions tested were entered on the Board's online database from 3 to 15 days beyond the 5 business days after action was taken or the penalty was imposed on the complaint. Section 9-23.5 of the Code requires the Board to update its online database of all complaints filed with the Board within five business days after action is taken or a penalty imposed on a complaint. (Finding 1, pages 9-10)

We recommended the Board comply with the requirements of the Election Code. If the requirements of the Code require monitoring or enforcement resources beyond the present capabilities of the Board, we recommended the Board seek assistance from outside parties to perform these duties as presently prescribed in the Election Code. Otherwise, we suggested the Board seek legislative remedies from the requirements. In addition, we recommended the Board ensure its actions and penalties are entered into its online database within five business days after action is taken or a penalty is imposed on a complaint.

**Board partially agreed with finding**

Board officials partially agreed with the auditors. They agreed the Board did not comply with both provisions of the Code noted above, but disagreed with the part of the finding relating to Section 9-35(e) of the Code in that they believed it is not possible to effectively enforce that section of the Code.

**NONCOMPLIANCE WITH RAFFLES AND POKER RUNS ACT**

**Failure to demonstrate compliance with Act**

The Board could not demonstrate compliance with all restrictions of the Raffles and Poker Runs Act (Act) when granting raffle licenses.

The Act (230 ILCS 15/8.1(c)) restricts the raffle licenses issued by the Board and states the following are ineligible entities for licenses:

- i. Any political committee which has an officer who has been convicted of a felony;
- ii. Any political committee which has an officer who is or has been a professional gambler or gambling promoter;
- iii. Any political committee which has an officer who is not of good moral character;
- iv. Any political committee which has an officer who is also an officer of a firm or corporation in which a person defined in (i), (ii), (iii) has a proprietary, equitable, or credit interest, or in which such a person is active or employed;
- v. Any political committee in which a person defined in (i), (ii) or (iii) is an officer, director, or employee, whether compensated or not;
- vi. Any political committee in which a person defined in (i), (ii) or (iii) is to participate in the management or operation of a raffle as defined in this Section.

**Auditors could not determine if ineligible licenses were granted**

We tested 40 raffle applications received from political action committees and acted upon by the Board during the examination period. We were not able to determine whether or not the Board issued raffle licenses during the examination period to entities ineligible for licenses based upon the criteria prescribed in the Act because the Board had not established a monitoring mechanism to vet this information. (Finding 2, pages 11-12)

We recommended the Board establish, implement, and document procedures for tracking and monitoring raffle licenses to ensure compliance under the Raffles and Poker Runs Act. If those specific requirements of the Act require monitoring or enforcement resources beyond the present capabilities of the Board, we recommended the Board seek assistance from outside parties to perform these duties as presently prescribed in the Act. Otherwise, we recommended the Board seek legislative remedies from the requirement.

**Board partially agreed with the auditors**

Board officials partially agreed with the auditors, in that they are not enforcing the listed provisions, but disagrees as they do not believe it is possible to effectively enforce the section of the Act.

## **OTHER FINDINGS**

The remaining findings pertain to inadequate controls over grant agreements and untimely performance evaluations. We will review the Board's progress towards the implementation of our recommendations in our next compliance examination.

## **ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the Board for the two years ended June 30, 2017, as required by the Illinois State Auditing Act. The accountants stated the Board complied, in all material respects, with the requirements described in the report.

The compliance examination was conducted by Sikich LLP.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

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