ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS
400 E RANDOLPH STREET, SUITE 705
CHICAGO, ILLINOIS 60601
TEL (312) 240-9500 FAX (312) 240-0295
www.adelfiacpas.com

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION

FINANCIAL AUDIT
(Self-Insurers' Security Fund)
For the Year Ended June 30, 2015
and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

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

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
FINANCIAL AUDIT
SELF-INSURERS' SECURITY FUND
For the Year Ended June 30, 2015
and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

TABLE OF CONTENTS

	Page(s)
Agency Officials	1
Management Assertion Letter	2-3
Compliance Report:	
Summary	4-6
Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	7-9
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	10-11
Schedule of Findings	
Current Findings - State Compliance	12-23
Prior Findings Not Repeated	24-26
Financial Statement Report:	
Summary	27
Independent Auditor's Report	28-30
Basic Financial Statements	
Statement of Net Position	31
Statement of Revenues, Expenses, and Changes in Net Position	32
Statement of Cash Flows	33
Notes to the Basic Financial Statements	34-40

	Schedule	Page(s)
Supplementary Information for State Compliance Purposes:		
Summary		41
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures and Lapsed Balances Fiscal Year 2015	1	42-44
Schedule of Appropriations, Expenditures and Lapsed Balances Fiscal Year 2014	2	45-47
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	3	48-49
Comparative Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) - Locally-Held Funds	4	50
Schedule of Changes in State Property	5	51
Comparative Schedule of Cash Receipts	6	52
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller	7	53
Analysis of Significant Variations in Expenditures	8	54-55
Analysis of Significant Variations in Receipts	9	56-57
Analysis of Significant Lapse Period Spending	10	58-59
Analysis of Significant Account Balances	11	60
Rate Adjustment Fund – Schedule of Fund Balance (Not Examined)	12	61
Analysis of Accounts Receivable (Not Examined)	13	62
Analysis of Operations (Not Examined)		
Agency Functions and Planning Program (Not Examined)		63-64
Average Number of Employees (Not Examined)		65
Service Efforts and Accomplishments (Not Examined)		66

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
FINANCIAL AUDIT
SELF-INSURERS' SECURITY FUND
For the Year Ended June 30, 2015
and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

AGENCY OFFICIALS

Chairman (02/23/15 to Current)	Joann Fratianni
Acting Chairman (12/01/14 to 02/22/15)	Ronald Rascia
Chairman (03/22/13 to 11/30/14)	Michael Latz
Fiscal Officer (12/01/15 to Current)	Darlene Senger
Acting Fiscal Officer (11/04/15 to 11/30/15)	Bob Devereaux
Fiscal Officer (01/03/12 to 11/03/15)	Mary Wells
General Counsel	Ronald Rascia
Chief Internal Auditor	Mark Kimmet

Agency offices are located at:

James R. Thompson Center
100 W. Randolph St, Suite 8-200
Chicago, Illinois 60601

4500 S. 6th St Frontage Road
Springfield, Illinois 62703

1803 Ramada Blvd., Suite B201
Collinsville, Illinois 62234

200 S. Wyman
Rockford, Illinois 61101

401 Main St, Suite 640
Peoria, Illinois 61602

Illinois Workers' Compensation Commission

100 W. Randolph St., Suite 8-200
Chicago, IL 60601
312-814-6500

Bruce Rauner, Governor *Joann M. Fratianni, Chairman*

STATE COMPLIANCE EXAMINATION

MANAGEMENT ASSERTION LETTER

January 12, 2016

Adelfia LLC
400 East Randolph Street
Suite 705
Chicago, Illinois 60601

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 Workers' Compensation Commission (Commission). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Commission's compliance with the following assertions during the two-year period ended June 30, 2015. Based on this evaluation, we assert that during the years ended June 30, 2015 and June 30, 2014, the Commission has materially complied with the assertions below, except as identified in the Schedule of Findings.

A. The Commission has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. The Commission has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

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

D. State revenues and receipts collected by the Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

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

Yours truly,

Illinois Workers' Compensation Commission

Joann M. Fratianni, Chairman

Darlene J. Senger, Chief Fiscal Officer

Ronald A. Rascia, General Counsel

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
FINANCIAL AUDIT
SELF-INSURERS' SECURITY FUND
For the Year Ended June 30, 2015
and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

COMPLIANCE REPORT SUMMARY

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

ACCOUNTANT'S REPORT

The Independent Accountant's 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

Number of	Current Report	Prior Report
Findings	5	10
Repeated findings	2	4
Prior recommendations implemented or not repeated	8	3

SCHEDULE OF FINDINGS

Item No.	Page(s)	Description	Finding Type
		FINDINGS (STATE COMPLIANCE)	
2015-001	12-13	Inadequate Controls over Voucher Processing	Noncompliance and Significant Deficiency
2015-002	14-16	Inadequate Controls over Timekeeping	Noncompliance and Significant Deficiency
2015-003	17-19	Inadequate Controls over State Property	Noncompliance and Significant Deficiency

2015-004	20-21	Weaknesses Regarding System Development and Change Control Procedures	Noncompliance and Significant Deficiency
2015-005	22-23	Weaknesses in Disaster Contingency Planning	Noncompliance and Significant Deficiency

PRIOR FINDINGS NOT REPEATED

A	24	Inadequate Control over Financial Reporting
B	24	Inadequate Controls over the Rate Adjustment Fund Program
C	24	Inadequate Controls over Revenues, Refunds and Receivables
D	25	Employee Performance Evaluations Not Completed Annually and Timely
E	25	Inadequate Controls Over the Rate Adjustment Fund and Second Injury Fund Assessments
F	25	Inadequate Controls over Timely Termination of Benefit Payments
G	26	Weaknesses Regarding the Security and Control of Confidential Information
H	26	Weakness in Collection of Penalty for Noncompliance to Maintain Insurance in Accordance with the Workers Compensation Act

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Commission personnel at an exit conference on January 12, 2016.

Attending were:

Illinois Workers' Compensation Commission
Joann Fratianni, Chairman
Darlene Senger, Chief Financial Officer
Ronald Rascia, General Counsel
Maria Parrino, Fiscal Staff
Bob Devereaux, Fraud Prevention/Efficiency Controller
Mark Kimmet, Chief Internal Auditor
Steven Gaffney, Chief Information Officer
Kate Melford, Confidential Assistant

Office of the Auditor General
Jose Roa, Audit Manager
Kathleen Devitt, IS Audit Manager

Adelfia, LLC
Stella Marie Santos, Managing Director
Jennifer Roan, Director
Maria Balita, Director
Annabelle Abueg, Director
Carl Ong, Senior Auditor
Marchesa Nieto, IS Auditor

The responses to the recommendations were provided by Mark Kimmet, Chief Internal Auditor, in a letter dated January 12, 2016.

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS
400 E RANDOLPH STREET, SUITE 705
CHICAGO, ILLINOIS 60601
TEL (312) 240-9500 FAX (312) 240-0295
www.adelfiacpas.com

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Workers' Compensation Commission's (Commission) 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, 2015. The management of the Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Commission's compliance based on our examination.

A. The Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.

B. The Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.

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

D. State revenues and receipts collected by the Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.

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

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

In our opinion, the Commission complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2015. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005.

Internal Control

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the Commission's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances 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 the Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A *deficiency in 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 over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less

severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005, that we consider 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 Commission's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the Commission's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2015 and June 30, 2014 in Schedules 1 through 13 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2015 and June 30, 2014 accompanying supplementary information in Schedules 1 through 13. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2013 accompanying supplementary information in Schedules 3-9 and 12, and in the Analysis of Operations Section, and accordingly, we do not express an opinion or provide any assurance on it.

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

Adelfia LLC

Chicago, Illinois
January 12, 2016

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS
400 E RANDOLPH STREET, SUITE 705
CHICAGO, ILLINOIS 60601
TEL (312) 240-9500 FAX (312) 240-0295
www.adelfiacpas.com

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Self-Insurers' Security Fund of the State of Illinois, Workers' Compensation Commission (Commission), as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) of the Self-Insurers' Security Fund to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's Self-Insurers' Security Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Adelfia LLC

Chicago, Illinois
January 12, 2016

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF FINDINGS

CURRENT FINDINGS – STATE COMPLIANCE

2015-001. **FINDING** (Inadequate Controls over Voucher Processing)

The Illinois Workers' Compensation Commission (Commission) did not maintain adequate controls over voucher payment processing.

During our examination of 265 voucher payments for Personal Services, Contractual Services, Travel, Commodities, Printing, Equipment, Telecommunications, Lump Sum, and Lapse Period expenditures, we noted the following:

- Nine vouchers (3%) totaling $204,956 did not have evidence that invoices were reviewed by appropriate receiving officer to indicate the goods were received or services were rendered and the date of invoice receipt.

- Forty-two (16%) totaling $162,727 were approved for payment 2 to 176 days late.

- Seven of 25 (28%) equipment vouchers totaling $49,948 did not agree with the Commission's property listing. See Finding 2015-003 for further details.

The Illinois Administrative Code (74 Ill. Admin. Code 900.30) states it is the duty and responsibility of each State agency to develop and implement internal procedures that will permit full compliance with the provisions of the State Prompt Payment Act and the Comptroller's SAMS manual. Further, the Illinois Administrative Code requires all State agencies to maintain written or electronic records reflecting the date or dates on which the goods were received and accepted or the services were rendered.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70) requires an agency to approve or deny bills with defects within 30 days after receipt.

The Statewide Accounting Management System (Procedure 17.10.20) requires State agencies to maintain all supporting documentation necessary to substantiate their encumbrances, expenditures and other transactions.

Commission management stated that during the course of most of the examination, it was not the procedure to require two signatures. Historically the person who signed was responsible for ensuring that it was ordered and received. It has also not been the Commission's procedure to require dates on the purchasing and receiving lines of the invoice. Only one employee processes all commercial invoices so processing may be delayed if that employee is absent.

CURRENT FINDINGS – STATE COMPLIANCE

Some delays in the first quarter of the fiscal year were due to placing an emphasis on processing invoices during the lapse period for the prior fiscal year. In other cases, payment was delayed while determining the validity of the charges or while the manager reviewed the invoice. Concerning equipment vouchers, books were not tracked on the inventory database. Not all items were added to the database due to oversight issues.

Payment of invoices that are not properly reviewed to indicate goods were received or services were rendered, not maintaining vouchers and their supporting documents, and untimely voucher approvals are noncompliance with the Illinois Administrative Code, and may result in incorrect payments to vendors. (Finding Code No. 2015-001, 2013-007)

RECOMMENDATION

We recommend the Commission strengthen its controls to ensure invoices are properly reviewed and timely approved for payment. In addition, we recommend the Commission ensure equipment items are recorded in the property listing.

COMMISSION RESPONSE

The Commission agrees with the recommendations.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF FINDINGS

CURRENT FINDINGS – STATE COMPLIANCE

2015-002. **FINDING** (Inadequate Controls over Timekeeping)

The Illinois Workers' Compensation Commission (Commission) did not maintain adequate controls over timekeeping.

During the examination period, the Commission converted from a paper-based timekeeping system to an electronic system (E-Time) for some of its employees. The conversion occurred in the last quarter of Fiscal Year 2014 and the first quarter of Fiscal Year 2015. The E-Time system was developed by the Department of Central Management Services (DCMS) and is used by other agencies. E-Time requires that each employee enters his/her own time into the on-line system. Then, the immediate supervisor reviews and approves the time. The time required for each supervisor to review their subordinates time is minimal compared to the paper-based system.

Each supervisor or delegate has access to the history of E-Time activity for each employee reporting to them in E-Time, including when requests or timesheets were submitted and when approved. It also indicates who approved. E-Time automatically updates the Central Time and Attendance System (CTAS) nightly for approved requests for time off work. E-time automatically updates CTAS at the end of each pay period for approved timesheets. Payroll for the employee will be processed based on CTAS activities.

However, internal controls were not sufficient to prevent employees from being paid for hours not worked even when paid benefit time has been exhausted, to detect such overpayments, or to ensure that adjustments are made to recover those overpayments.

During our review of internal controls, we noted that there is no control to verify that the adjustments made by the timekeeper to CTAS for previous pay periods are supported by approved E-Time timesheets.

During our time sheet testing, mix of manual and E-Time, for 60 employees for two time periods, we noted the following:

- Five (4%) time sheets were not properly completed because both the employee's signature and the supervisor's signature were missing.

- Two (2%) time sheets did not have appropriate supervisor signature.

CURRENT FINDINGS – STATE COMPLIANCE

- Two (2%) time sheets had reporting discrepancies of benefit time usage and adjusted accrued balances. We noted 3.5 hours overstatement in accrued balance.

- Six (5%) time sheets could not be located.

In addition, we also selected one employee and examined all the related timesheets during the engagement period and noted the following:

- Three of 45 (7%) timesheets had reporting discrepancies of hours not worked. We noted 5 hours not worked were processed as regular work hours.

- Two of 45 (4%) time sheets could not be located.

- Twelve of 45 (27%) time sheets were not properly approved by direct supervisor.

During our leave of absence testing, we noted the following:

- One of 15 (7%) in our test sample was on a paid maternity leave but hours were reported as regular work days in CTAS. This resulted in the overstatement of the employee's maternity leave balance. The Commission corrected the employee's records in CTAS to reflect the appropriate entries after the issue was brought to their attention.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-5) states that the policies required under subsection (a) shall include policies relating to work time requirements, documentation of time worked, documentation for reimbursement for travel on official State business, compensation, and the earning or accrual of State benefits for all State employees who may be eligible to receive those benefits. The policies shall comply with and be consistent with all other applicable laws. 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; contractual State employees may satisfy the time sheets requirement by complying with the terms of their contract, which shall provide for a means of compliance with this requirement. The policies for State employees shall require those time sheets to be submitted on paper, electronically, or both and to be maintained in either paper or electronic format by the applicable fiscal office for a period of at least 2 years.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF FINDINGS

CURRENT FINDINGS – STATE COMPLIANCE

Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Commission to establish and maintain a system of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over the State's resources.

Commission management stated the exceptions were primarily due to converting from manual timesheets to electronic timesheets without developing new procedures to maintain proper controls.

Discrepancies and inaccuracies related to time sheets and CTAS can lead to overstatements and understatements of an employee's benefit time balances and future overpayments. Failure to follow the time reporting requirements of the Act results in noncompliance with the statute and a lack of accountability. Inadequate segregation of duties and lack of procedures to reconcile or detect errors and discrepancies may result to overpayments or underpayments to employees. (Finding Code No. 2015-002)

RECOMMENDATION

We recommend the Commission strengthen their controls over timekeeping to ensure accurate benefit time balances and pay for their employees. In addition, we recommend the Commission design controls for adequate segregation of duties and reconciliation procedures to detect errors and discrepancies timely and take the necessary actions for any overpayments or underpayments to employees.

COMMISSION RESPONSE

The Commission agrees with the recommendations.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF FINDINGS

CURRENT FINDINGS – STATE COMPLIANCE

2015-003. **FINDING** (Inadequate Controls over State Property)

The Illinois Workers' Compensation Commission (Commission) did not maintain adequate controls over State property.

During our testing, we noted the following:

- The Commission did not maintain supporting detail records for the Agency Report of State Property (Form C-15) filed quarterly with the Illinois Office of the Comptroller (IOC) for the fiscal year 2014 for the Self-Insurers' Administration Fund (Fund 274) and Illinois Workers' Compensation Commission Operations Fund (Fund 534). Fund 274 reported total deletions of $36,162. Fund 534 reported total additions of $112,101, total deletions of $401,313, and total transfers of $162,238.

- The Commission did not reconcile total equipment expenditures with total additions reported in the Form C-15 during fiscal years 2014 and 2015. We noted total expenditures for fiscal years 2014 and 2015 of $76,401 and $85,927, respectively, while total additions reported in Form C-15 for fiscal years 2014 and 2015 were $112,101 and $137,673, respectively. This resulted in unreconciled differences in fiscal years 2014 and 2015 of $35,700 and $51,746, respectively.

- The Commission was unable to locate 23 laptops and desk top computers which were reported on their Annual Certification Report for the fiscal year 2015. These computers may have contained confidential and sensitive information. The Commission represented that these laptops and desk top computers were encrypted and there was no indication that confidential information was compromised.

Statewide Accounting Management System (SAMS) (Procedure 29.10.10) states that although agencies are required to report to the Comptroller on the summary level, supporting detail records must be maintained.

In addition, the Commission has 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.

CURRENT FINDINGS – STATE COMPLIANCE

We also noted the following:

- During our additions testing, nine of 25 (36%) additions totaling $7,200 were not properly recorded in the inventory database. The value of the asset was based on the purchase order amount and not the actual invoice amount resulting in an understatement of $70.

- During our equipment voucher testing:

    - Three of 25 (12%) equipment vouchers totaling $49,066 did not agree with the Commission's property listing. Nineteen items in these three vouchers totaling $2,239 were not recorded in the Commission's property listing.

    - Four of 25 (16%) equipment vouchers totaling $882 were not recorded in the Commission's property listing.

- During our equipment tracing testing:

    - Three of 60 (5%) equipment items could not be traced to the Commission's property listing.

    - Two of 60 (3%) equipment items were recorded in another location in the Commission's property listing.

- During our physical identification of testing:

    - Three of 60 (5%) equipment items totaling $539 could not be located.

    - One of 60 (2%) equipment items totaling $425 was a personal item that should not have been included in the Commission's property listing.

The State Property Control Act (30 ILCS 605/4 and 6.02) requires the Commission be accountable for the supervision, control and inventory of all items under its jurisdiction and control.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF FINDINGS

CURRENT FINDINGS – STATE COMPLIANCE

During our physical identification of testing, we noted one of 60 (2%) equipment items totaling $640 from the Commission's property listing was not in the Annual Inventory Certification List submitted to the Department of Central Management Services.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.220) states that all equipment with an acquisition value of $500 or more is subject to being reported to State of Illinois Central Management Services (CMS) by the holding agency.

Commission management stated the that equipment was valued at purchase order price rather than invoice price for the sake of recording the asset expeditiously in the asset database upon its receipt. In most cases, there was no difference between purchase order price and invoice price. The physical inventory was taken by office and/or area over a number of weeks so some items changed locations before or after the areas were counted, leading to some items not being found or being in a different location at time of the audit. One personal item was tagged during the physical inventory because it was not marked as a personal item, though it was consistent with the type of assets the Commission purchases.

Inadequate control over State property may result in inaccurate Statewide property information and impairs the ability of the Commission to safeguard its assets. (Finding Code No. 2015-003, 2013-005, 11-7, 09-6, 07-4, 05-5, 03-7)

RECOMMENDATION

We recommend the Commission adhere to the State mandates, Illinois Administrative Code, and SAMS requirements and improve its control over property equipment.

COMMISSION RESPONSE

The Commission agrees with the recommendations.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF FINDINGS

CURRENT FINDINGS – STATE COMPLIANCE

2015-004. **FINDING** (Weaknesses Regarding System Development and Change Control Procedures)

The Illinois Workers' Compensation Commission (Commission) did not have a formal system development methodology, change control procedures, or effective separation of duties for programmers.

The Commission had several computer applications that were critical for providing a no-fault system of benefits to workers who experience job-related injuries or diseases. The Commission did not have a formal systems development methodology or change control procedures. Currently, all system changes are communicated by managers through email. However, the Commission's IT Department did not maintain a log of the emails; therefore, details of any requested changes could not be verified.

The Commission has a part-time technical programmer with administrative access to the Case Management System. The Case Management system processes all workers' compensation claims filed in Illinois for arbitration and settlement. The programmer developed and made changes to the system and had access to the production environment with the capability to implement changes.

Generally accepted information technology guidance endorses the implementation of system development standards and change management procedures that require new system developments and modifications to existing systems be properly approved, thoroughly tested, and consistently documented. These procedures include restricting programmers from making a change and moving it into the production to ensure all changes have been independently authorized and moved to production.

Commission officials stated that limited IT resources prevented them from implementing adequate segregation of duties and formal change control procedures and system development methodologies.

Lack of system development and change control procedures increases the risk of unauthorized or improper changes to computer systems. The lack of separation of duties in the computer environment increases the risk that the confidentiality, integrity, and availability of data will be compromised. (Finding Code No. 2015-004)

CURRENT FINDINGS – STATE COMPLIANCE

RECOMMENDATION

We recommend the Commission develop and implement a comprehensive system development methodology and change management procedures and ensure new system developments and modifications to existing systems are developed and implemented in a manner that ensures they are adequately, planned, developed, tested documented, approved and implemented. Further the Commission should restrict programmer access to all production programs and data. If the Commission determines that programmer access is necessary in some situations, it should establish and enforce compensating controls to assure appropriate management oversight and approval of changes.

In addition, we recommend the Commission review its practice of using a part-time technical programmer to solely support the Case Management system and determine if there is over-reliance.

COMMISSION RESPONSE

The Commission agrees with the recommendations. The following progress has been made to enhance the system development methodology and change control procedures of the Commission:

- IWCC has a SharePoint system in place that is being piloted for submission of requested program changes that allows for the assignment and tracking of those changes. This also ensures automated retention of all requested changes.
- A new work order system was developed and rolled out specifically for requested data changes to the case management system.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF FINDINGS

CURRENT FINDINGS – STATE COMPLIANCE

2015-005. **FINDING** (Weaknesses in Disaster Contingency Planning)

The Commission had not updated its disaster recovery plan or performed recovery testing of its computing environment.

The Commission had several computer applications that were critical for providing a no-fault system of benefits to workers who experience job-related injuries or diseases. Their most critical system resides at the Department of Central Management Services' central computing facility and is used to process workers' compensation claims filed in Illinois for arbitration and settlement. Other critical systems reside on the Commission's local area network (LAN) and are critical for monitoring caseloads, managing case documents, and tracking insurance compliance. We reviewed the Commission's disaster recovery Plan and noted the following weaknesses:

- The IT Disaster Recovery Plan, remains in a "draft" format and has not been updated since 2013.
- The LAN-based application systems are not included in the Plan.
- The names of the Disaster Recovery team members and individuals authorized to declare a disaster are not current.
- The Plan has not been tested since September 2013.

Information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorse the formal development and testing of disaster recovery plans. Tests of disaster recovery plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe.

Commission officials stated that the limited IT resources prevented the Commission from participating in the CMS Disaster Recovery exercise in FY2015 or updating its disaster recovery plans.

Failure to test the Disaster Recovery Plan for all systems could result in a lack of preparedness to recover the Commission's computer operations timely in the event of a disaster. (Finding Code No. 2015-005)

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF FINDINGS

CURRENT FINDINGS – STATE COMPLIANCE

RECOMMENDATION

The Commission should review and update its Disaster Recovery Plan (Plan) at least annually and ensure all critical applications are included. The Commission should perform and document tests of its Plan at least once a year.

COMMISSION RESPONSE

The Commission agrees with the recommendations.

The Disaster Recovery Plan will be updated to reflect the operational transfer of the computer servers to Central Management Services (CMS) which is responsible for backup and recovery of the LAN based file servers.

While the disaster recovery plan was not updated, there were two successful recoveries of server applications and data during the audit period.

Resource shortages in the mainframe area prevented participation in the annual disaster recovery plan exercise. However, the Mainframe system was successfully recovered in 2015 by CMS as part of the exercise.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF FINDINGS

PRIOR FINDINGS NOT REPEATED

A. **FINDING** (Inadequate Control over Financial Reporting)

During the 2013 audit, the Illinois Workers' Compensation Commission (Commission) – Self Insurers' Security Fund did not have adequate controls over financial reporting to allow management and employees to prevent or detect errors or misstatement in the financial reporting process and ensure proper reporting in accordance with generally accepted accounting principles.

During the current period, the Commission implemented additional preparation and/or review procedures to address financial reporting. (Finding Code No. 2013-001)

B. **FINDING** (Inadequate Controls over the Rate Adjustment Fund Program)

During the prior examination period, the Illinois Workers' Compensation Commission (Commission) had major internal control weaknesses over its Rate Adjustment Fund (RAF) program.

During the current examination period, the Commission enhanced internal controls and procedures over the RAF program. (Finding Code No. 2013-002, 11-2, 09-2, 07-1)

C. **FINDING** (Inadequate Controls over Revenues, Refunds and Receivables)

During the prior examination period, the Illinois Workers' Compensation Commission (Commission) did not have adequate controls over processing and reporting its revenue, refunds, and receivables.

During the current examination period, our sample testing did not identify any untimely deposits, improper reporting of refunds, untimely filing of the Report of Receipts and Disbursements for Locally Held Funds with the Office of the Comptroller. Further, our sample testing did not identify problems with missing Quarterly Accounts Receivable reports, incomplete Agency Fee Imposition Reports, or issues related to estimated uncollectible accounts. (Finding Code No. 2013-003, 11-4)

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF FINDINGS

PRIOR FINDINGS NOT REPEATED

D. **FINDING** (Employee Performance Evaluations Not Completed Annually and Timely)

During the prior examination period, the Illinois Workers' Compensation Commission (Commission) did not perform an annual employee performance evaluation on a timely basis.

During the current examination period, our sample testing did not identify untimely evaluations. (Finding Code No. 2013-004, 11-5, 09-5, 07-3, 05-4)

E. **FINDING** (Inadequate Controls Over the Rate Adjustment Fund and Second Injury Fund Assessments)

During the prior examination period, the Illinois Workers' Compensation Commission (Commission) did not furnish to the Department of Insurance (DOI) the list of amounts collected and paid into the Rate Adjustment Fund (RAF) and Second Injury Fund (SIF) by insurance companies on behalf of their insured employers on an annual basis. In addition, the Commission did not establish policies and procedures to properly and timely collect RAF and SIF assessments, and to give reasonable notice and conduct hearings for employers who have failed to pay the required assessments knowingly and willfully or have failed to pay within the prescribed period.

During the current examination period, the Commission provided DOI the amounts collected and paid by insurance companies to the RAF and SIF. In addition, the Commission established and implemented policies and procedures to collect RAF and SIF assessments. (Finding Code No. 2013-006)

F. **FINDING** (Inadequate Controls over Timely Termination of Benefit Payments)

During the prior examination period, the Illinois Workers' Compensation Commission (Commission) did not have adequate controls to ensure that benefit payments are discontinued upon death of the beneficiary.

During the current examination period, our sample testing did not identify any benefit payments made beyond the death of the beneficiary. (Finding Code No. 2013-008)

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF FINDINGS

PRIOR FINDINGS NOT REPEATED

G. **FINDING** (Weaknesses Regarding the Security and Control of Confidential Information)

During the prior examination period, the Illinois Workers' Compensation Commission (Commission) had weaknesses in the area of security and control of confidential information.

During the current examination period, the Commission enhanced controls related to the security of confidential information. However, we did note where improvements should be made and these are reported as an immaterial finding. (Finding Code No. 2013-009)

H. **FINDING** (Weaknesses in Collection of Penalty for Noncompliance to Maintain Insurance in Accordance with the Workers' Compensation Act)

During the prior examination period, the Illinois Workers' Compensation Commission (Commission) did not ensure timely collections of settlement amounts and penalties from noncompliant employers.

During the current examination period, our sample testing did not identify any untimely collections of settlement amounts and/or penalties from noncompliant employers. (Finding Code No. 2013-010)

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
FINANCIAL AUDIT
SELF-INSURERS' SECURITY FUND
For the Year Ended June 30, 2015
and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the Self-Insurers' Security Fund of the State of Illinois Workers' Compensation Commission was performed by Adelfia LLC.

Based on their audit, the auditors expressed an unmodified opinion on the Self-Insurers' Security Fund's basic financial statements.

ADELFIA LLC
CERTIFIED PUBLIC ACCOUNTANTS
400 E RANDOLPH STREET, SUITE 705
CHICAGO, ILLINOIS 60601
TEL (312) 240-9500 FAX (312) 240-0295
www.adelfiacpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the Self-Insurers' Security Fund of the State of Illinois Workers' Compensation Commission, as of and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control

relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Self-Insurers' Security Fund of the State of Illinois Workers' Compensation Commission, as of June 30, 2015, and the changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Self-Insurers' Security Fund and do not purport to, and do not, present fairly the financial position of the State of Illinois or the State of Illinois Workers' Compensation Commission, as of June 30, 2015, the changes in its financial position, or its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Management has omitted management's discussion and analysis and budgetary comparison information for the Self-Insurers' Security Fund that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2016 on our consideration of the State of Illinois Workers' Compensation Commission's internal control over financial reporting of the Self-Insurers' Security Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois Workers' Compensation Commission's internal control over financial reporting of the Self-Insurers' Security Fund and its compliance.

Restricted Use of this Auditor's Report

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

Adelfia LLC

Chicago, Illinois
January 12, 2016

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SELF-INSURERS' SECURITY NONSHARED - PROPRIETARY FUND
STATEMENT OF NET POSITION
June 30, 2015

ASSETS	
Current Assets	
Cash in State Treasury	$ 20,127,966
Cash in Bank and on Hand	100
Accrued interest Receivable	8,812
Excess Insurance Receivable	238,567
Securities Lending Collateral	9,079,000
Total Current Assets	29,454,445
Total Assets	$ 29,454,445
LIABILITIES	
Current Liabilities	
Accounts Payables	$ 98,590
Due to Other Funds	3,415
Obligations Under Securities	9,079,000
Unearned Security Deposit	1,891,306
Liabilities for Unpaid Claims	1,531,877
Total Current Liabilities	12,604,188
Noncurrent Liabilities	
Compensated Absences	3,950
Liabilities for Unpaid Claims	5,130,090
Total Noncurrent Liabilities	5,134,040
Total Liabilities	17,738,228
NET POSITION	
Restricted Net Position	11,716,217
Total Liabilities and Net Position	$ 29,454,445

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SELF-INSURERS' SECURITY NONSHARED - PROPRIETARY FUND
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2015

OPERATING REVENUES	
Excess Insurance Recoveries	$ 606,429
Total Operating Revenues	606,429
OPERATING EXPENSES	
Personal Services	72,936
Employee Retirement	29,219
Social Security Contribution	5,013
Group Insurance	15,011
Contractual Services	28,191
Refunds	100,999
Benefit Payments	1,283,435
Total Operating Expenses	1,534,804
Operating Loss	(928,375)
NONOPERATING REVENUES	
Interest Income	87,412
Total Nonoperating Revenues	87,412
Change in Net Position	(840,963)
NET POSITION, BEGINNING OF YEAR	12,557,180
NET POSITION, END OF YEAR	$ 11,716,217

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SELF-INSURERS' SECURITY NONSHARED - PROPRIETARY FUND
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Assessments, Excess Insurance Recoveries and Security Deposits	$ 623,235
Payments to Suppliers - Net	27,937
Payments to Employees and Other Personal Services	(118,229)
Deposit Refunds Paid	(100,999)
Benefit Payments	(1,404,673)
Net Cash Used in Operating Activities	(972,729)
CASH FLOWS FROM INVESTING ACTIVITY	
Interest and Dividends on Investments	92,689
Net Cash Provided by Investing Activity	92,689
Net Decreases in Cash in State Treasury, Cash in Bank and on Hand	(880,040)
Cash in State Treasury, Cash in Bank and on Hand, Beginning of Year	21,008,106
Cash in State Treasury, Cash in Bank and on Hand, End of Year	$ 20,128,066

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	(928,375)
Adjustments to Reconcile Operating Income to Cash Flows from Operating Activities	
Changes in Assets and Liabilities:	
Excess Insurance Receivable	16,806
Accounts Payable	65,405
Due to Other Funds	(9,277)
Compensated Absences	3,950
Liabilities for Unpaid Claims	(121,238)
Net Cash Used in Operating Activities	$ (972,729)

See accompanying notes to the basic financial statements.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SELF-INSURERS SECURITY NONSHARED PROPRIETARY FUND
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

(1) Description of Funds

The Illinois Workers' Compensation Commission Self-Insurers' Advisory Board (the "Board") established within the Illinois Workers' Compensation Commission (Commission) administers the Self-Insurers Security non-shared proprietary fund described below. A non-shared fund is fund in which a single State agency is responsible for administering substantially all financial transactions of the fund.

The Self-Insurers Security Fund (940), (the "Fund"), was established by the Workers' Compensation Act (820 ILCS 305/4a-5). The Fund provides compensation to employees of insolvent self-insured employers for any type of injury or occupational disease and all claims for related administrative fees, operating costs of the Board, attorney fees and other costs reasonably incurred by the Board. The Commission may upon the direction of the Board from time to time assess each of the private self-insurers a pro rata share of the funding reasonably necessary to carry out its activities.

(2) Summary of Significant Accounting Policies

The financial statements of the individual non-shared proprietary funds administered by the Self-Insurers' Advisory Board established within the Commission have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate the understanding of data included in the financial statements, significant accounting policies are summarized below.

A. Reporting Entity

As defined by GAAP, the financial reporting entity consists of primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable. Financial accountability is defined as:

i) Appointment of a voting majority of the components unit's board and either (a) the primary government's ability to impose its will, or (b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government; or

ii) Fiscal dependency on the primary government.

Based on the required criteria, the Self-Insurers' Security nonshared proprietary fund does not have any component unit, nor is it a component unit of another entity. However, because the Fund is not legally separate from the State of Illinois (State), it is included in the financial statements of the State as a proprietary fund. The State's Comprehensive Annual Financial Report (CAFR) may be obtained by writing to the State Comptroller's Office, Financial Reporting Department, 325 West Adams Street, Springfield, Illinois 60274-1871.

The financial statements present only the Fund administered by the Self-Insurers' Advisory Board established within the Commission and do not purport to, and do not, present fairly the financial position of the Commission as of June 30, 2015, and changes in its financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

B. Basis of Presentation

In government, the basic accounting and reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The Commission has presented: (i) a statement of net position; (ii) a statement of revenues, expenses and changes in net position; and (iii) a statement of cash flows for the Fund.

Operating revenues, such as security deposits, assessments, and excess insurance reimbursements, result from exchange transactions associated with the principal activity of the Self-Insurers' Security Fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

C. Basis of Accounting

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

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place. Non-exchange transactions, in which the Board gives (or receives) value without directly receiving (or giving) equal value in exchange are not applicable. On an accrual basis, revenues from assessments, reimbursements from excess insurance, and security deposits are recognized in the fiscal year in which the underlying exchange transaction occurs. Resources received before the exchange has occurred are reported as deferred revenues.

Private-sector standards of accounting and financial reporting issues prior to December 1, 1989, generally are followed in the Fund financial statements to the extent that those standards do not conflict with or contradict guidance of GASB. While the State has the option of following subsequent private-sector guidance for its business type activities and enterprise funds subject to this same limitation, it has elected not to follow subsequent private-sector guidance for the Fund.

The accounting policies and financial reporting practices of the Self-Insurers' Security Fund conform to generally accepted accounting principles, as promulgated in pronouncements of the Governmental Accounting Standards Board.

D. Cash and Cash Equivalents

Cash and cash equivalents consist principally of deposits held in the State Treasury, but also include cash in bank, cash on hand, and cash in transit.

E. Compensated Absences

The liability for compensation absences reported in the individual non-shared propriety funds consists of unpaid, accumulated vacation and sick leave balances for Fund employees. The liability is calculated using the vesting method for eligible employees. The liability estimate is based on the employee's current salary level and includes salary related costs (e.g., Social Security and Medicare tax).

Legislation that became effective January 1, 1998 capped the paid sick leave for all State Employees' Retirement System members at December 31, 1997. Employees continue to accrue twelve sick days per year, but will not receive monetary compensation for any additional time earned after December 31, 1997. Sick days earned between 1984 and December 31, 1997 (with a 50% cash value) would only be used after all days with no cash value are depleted.

Any sick days earned and unused after December 31, 1997 will be converted to service time for purposes of calculating employee pension benefits.

For the year ending June 30, 2015, compensated absences totaled $3,950.

F. Net Position

Equity is displayed in one component as follows:

Restricted - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the State's policy to use restricted recourses first, then unrestricted resources when needed.

G. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(3) Deposits

The State Treasurer is the custodian of the State's deposit and investment maintained in the State Treasury. As of June 30, 2015, deposits in the custody of the State Treasurer totaled $20,008,007. Out of this total, $1,891,306 is restricted for the payment of deferred security deposits. This consists of letters of credit drawn upon and held by the Commission as a security for the payment of the private self-insurers' obligations incurred under the Workers' Compensation Act, cash in bank and on hand was $100.

Deposits in the custody of the State Treasurer are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Board does not own individual securities. Details on the nature of these deposits and investments are available within the State of Illinois, Comprehensive Annual Financial Report (CAFR).

(4) Excess Insurance Receivable

Excess insurance receivable consist of receivables from insurance companies as reimbursements of claims paid by the Commission in excess of the retention limit.

(5) Securities Lending Transaction

The State Treasurer lends securities to broker-dealers and other entities for collateral that will be returned for the same securities in the future. The State Treasure has, through a Securities Lending Agreement, authorized Deutsche Bank AG to lend the State Treasure's securities to broker-dealers in banks pursuant to a form of loan agreement.

In accordance with GASB Statement No. 28, paragraph 9, the Office of the State Treasurer may allocate assets and obligations arising from securities lending agreements to the various funds of the State. The securities lending collateral invested in repurchase agreements allocated to the Fund was $9,079,000 as of June 30, 2015.

(6) Unearned Security Deposit

Unearned Security Deposit consists of proceeds drawn upon letters of credit by the Commission, including related interest, as a security for the payment of the private self-insurer's obligations incurred under the Workers' Compensation Act.

(7) Liability for Unpaid Claims

The liability for unpaid claims is established based on estimates of ultimate cost of claims that have been reported but not settled, including the effects of inflation and other societal factors. The following represents changes in aggregate liabilities during the year ended June 30, 2015.

Liability for unpaid claims, beginning of year:	$ 6,783,206
Total provision for events of the current fiscal year and any change in the provision for events of prior fiscal years:	(121,239)
Liability for unpaid claims, end of year:	$ 6,661,967

(8) Pension

Substantially all of the Fund's full-time employees, who are not eligible for participation in another State-Sponsored retirement plan, participate in the State Employees' Retirement System ("SERS"), which is a pension trust fund in the State of Illinois reporting entity. The SERS is a single-employer defined benefit public employee retirement system, in which State employees participate, except for those covered by the State Universities, Teachers, General Assembly, and Judges' Retirement Systems. The financial position of the SERS is summarized in both the fiscal year 2014 State CAFR and the fiscal year 2014 SERS CAFR. In addition, the SERS CAFR includes a summary of SERS benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established. Also included in the SERS CAFR is a discussion of employer and employee obligations to contribute and the authority under which those obligations are established.

The Commission pays employer retirement contributions from the Fund based upon an actuarially determined percentage of payroll. For fiscal year 2015, the employer contribution rate was 42.339%. The Commission's contribution to SERS was $29,219 for the year ended June 30, 2015.

(9) Post Employment Benefits

The State provides health, dental, vision, and life insurance benefits for retirees and their dependents in a program administered by the Department of Healthcare and Family Services along with the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State-sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and dependants under the State's self insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employees Retirement System, do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life

insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes $5,000.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as expenditure in the State's CAFR. The State finances these benefit costs on a pay-as-you go basis. The total cost incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependants nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department Central Management Services may be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, Illinois, 62606-4100.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
FINANCIAL AUDIT
SELF-INSURERS' SECURITY FUND
For the Year Ended June 30, 2015
and
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:

  Schedule of Appropriations, Expenditures and Lapsed Balances
  Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
  Comparative Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) - Locally Held Funds
  Schedule of Changes in State Property
  Comparative Schedule of Cash Receipts
  Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
  Analysis of Significant Variations in Expenditures
  Analysis of Significant Variations in Receipts
  Analysis of Significant Lapse Period Spending
  Analysis of Significant Account Balances
  Rate Adjustment Fund – Schedule of Fund Balance (Not Examined)
  Analysis of Accounts Receivable (Not Examined)

- Analysis of Operations (Not Examined):

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

The accountant's 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 to the June 30, 2015 and June 30, 2014 accompanying supplementary information in Schedules 1 through 13. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

Schedule 1

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2015
Fourteen Months Ended August 31, 2015

	Appropriations (Net After Transfers)	Expenditures Through 06/30/15	Lapse Period Expenditures 07/01/15 - 08/31/15	Total Expenditures	Balances Lapsed
Public Act 98-0681					
APPROPRIATED FUNDS					
Illinois Workers' Compensation Commission Operations Fund - 534					
Personal Services	$ 12,763,100	$ 11,335,840	$ 507,194	$ 11,843,034	$ 920,066
State Contribution to Employee Retirement	5,404,000	4,773,578	215,063	4,988,641	415,359
State Contribution to Social Security	927,000	827,146	37,051	864,197	62,803
Group Insurance	3,536,000	2,516,469	114,807	2,631,276	904,724
Contractual Services	1,960,100	1,355,273	388,765	1,744,038	216,062
Travel	406,000	286,229	47,138	333,367	72,633
Commodities	83,000	42,886	8,761	51,647	31,353
Printing	37,000	25,915	873	26,788	10,212
Equipment	90,000	17,044	42,298	59,342	30,658
Telecommunications	188,000	99,655	31,992	131,647	56,353
Implementation and Operation of an Accident Reporting System	75,000	43,407	14,255	57,662	17,338
Establishment, Administration and Operations of the Insurance Compliance Division	2,013,400	1,468,913	98,469	1,567,382	446,018
Establishment of the Medical Fee Schedule	90,000	32,189	12,398	44,587	45,413
Total Illinois Workers' Compensation Commission Operations Fund - 534	27,572,600	22,824,544	1,519,064	24,343,608	3,228,992
TOTAL APPROPRIATED FUNDS	$ 27,572,600	$ 22,824,544	$ 1,519,064	$ 24,343,608	$ 3,228,992

Notes: The above information was taken from the State Comptroller's records which have been reconciled to the records of the Commission. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

Schedule 1
(Continued)

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2015
Fourteen Months Ended August 31, 2015

Public Act 98-0681	Appropriations (Net After Transfers)	Expenditures Through 06/30/15	Lapse Period Expenditures 07/01/15 - 08/31/15	Total Expenditures	Balances Lapsed
NON-APPROPRIATED FUNDS					
Injured Workers Benefit Fund - 179					
Social Assistance		$ 1,658,558	$ -	$ 1,658,558	
Total Injured Workers Benefit Fund - 179		$ 1,658,558	$ -	$ 1,658,558	
Self-Insurers' Administration Fund - 274					
General and Administrative		$ 476,987	$ 18,954	$ 495,941	
Total Self-Insurers' Administration Fund - 274		$ 476,987	$ 18,954	$ 495,941	
Second Injury Fund - 431					
Social Assistance		$ 1,179,594	$ 49	$ 1,179,643	
Total Second Injury Fund - 431		$ 1,179,594	$ 49	$ 1,179,643	
Rate Adjustment Fund - 685					
Social Assistance		$ 14,124,117	$ 273,117	$ 14,397,234	
Refunds, Not Elsewhere Classified		11,376	-	11,376	
Total Rate Adjustment Fund - 685		$ 14,135,493	$ 273,117	$ 14,408,610	
Self-Insurers' Security Fund - 940					
Social Assistance		$ 1,311,631	$ 93,043	$ 1,404,674	
General and Administrative		210,336	8,926	219,262	
Total Self-Insurers' Security Fund - 940		$ 1,521,967	$ 101,969	$ 1,623,936	
TOTAL - NON-APPROPRIATED FUNDS		$ 18,972,599	$ 394,089	$ 19,366,688	

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2015
Fourteen Months Ended August 31, 2015

	Appropriations (Net After Transfers)	Expenditures Through 06/30/15	Lapse Period Expenditures 07/01/15 - 08/31/15	Total Expenditures	Balances Lapsed
Public Act 98-0681					
Notes: The above information was taken from the State Comptroller's records which have been reconciled to the records of the Commission. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.					
GRAND TOTAL - ALL FUNDS	$ 27,572,600	$ 41,797,143	$ 1,913,153	$ 43,710,296	$ 3,228,992

Notes: The above information was taken from the State Comptroller's records which have been reconciled to the records of the Commission. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

Schedule 2

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2014
Fourteen Months Ended August 31, 2014

	Appropriations (Net After Transfers)	Expenditures Through 06/30/14	Lapse Period Expenditures 07/01/14 - 08/31/14	Total Expenditures	Balances Lapsed
Public Act 98-0050					
APPROPRIATED FUNDS					
Illinois Workers' Compensation Commission Operations Fund - 534					
Personal Services	$ 12,379,200	$ 10,985,555	$ 516,522	$ 11,502,077	$ 877,123
State Contribution to Employee Retirement	4,907,600	4,420,119	200,319	4,620,438	287,162
State Contribution to Social Security	929,800	774,171	37,806	811,977	117,823
Group Insurance	3,657,000	2,646,051	117,506	2,763,557	893,443
Contractual Services	1,993,000	1,367,494	506,467	1,873,961	119,039
Travel	407,000	303,976	44,466	348,442	58,558
Commodities	83,000	38,879	12,403	51,282	31,718
Printing	37,000	36,353	345	36,698	302
Equipment	115,500	8,437	101,415	109,852	5,648
Telecommunications	190,000	110,394	47,932	158,326	31,674
Implementation and Operation of an Accident Reporting System	199,100	38,809	42,790	81,599	117,501
Establishment, Administration and Operations of the Insurance Compliance Division	1,351,300	1,130,676	68,357	1,199,033	152,267
Establishment of the Medical Fee Schedule	100,000	77,158	2,011	79,169	20,831
Total Illinois Workers' Compensation Commission Operations Fund - 534	26,349,500	21,938,072	1,698,339	23,636,411	2,713,089
TOTAL APPROPRIATED FUNDS	$ 26,349,500	$ 21,938,072	$ 1,698,339	$ 23,636,411	$ 2,713,089

Notes: The above information was taken from the State Comptroller's records which have been reconciled to the records of the Commission. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2014
Fourteen Months Ended August 31, 2014

Public Act 98-0050	Appropriations (Net After Transfers)	Expenditures Through 06/30/14	Lapse Period Expenditures 07/01/14 - 08/31/14	Total Expenditures	Balances Lapsed
NON-APPROPRIATED FUNDS					
Injured Workers Benefit Fund - 179					
Social Assistance		$ 1,161,510	$ -	$ 1,161,510	
Total Injured Workers Benefit Fund - 179		$ 1,161,510	$ -	$ 1,161,510	
Self-Insurers' Administration Fund - 274					
General and Administrative		$ 390,627	$ 18,522	$ 409,149	
Total Self-Insurers' Administration Fund - 274		$ 390,627	$ 18,522	$ 409,149	
Second Injury Fund - 431					
Social Assistance		$ 1,377,500	$ 2,804	$ 1,380,304	
Total Second Injury Fund - 431		$ 1,377,500	$ 2,804	$ 1,380,304	
Rate Adjustment Fund - 685					
Social Assistance		$ 11,068,484	$ 65,524	$ 11,134,008	
Refunds, Not Elsewhere Classified		78,087	-	78,087	
Total Rate Adjustment Fund - 685		$ 11,146,571	$ 65,524	$ 11,212,095	
Self-Insurers' Security Fund - 940					
Social Assistance		$ 1,244,406	$ 31,802	$ 1,276,208	
General and Administrative		405,247	1,902	407,149	
Total Self-Insurers' Security Fund - 940		$ 1,649,653	$ 33,704	$ 1,683,357	
TOTAL - NON-APPROPRIATED FUNDS		$ 15,725,861	$ 120,554	$ 15,846,415	

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2014
Fourteen Months Ended August 31, 2014

	Appropriations (Net After Transfers)	Expenditures Through 06/30/14	Lapse Period Expenditures 07/01/14 - 08/31/14	Total Expenditures	Balances Lapsed
Public Act 98-0050					
Notes: The above information was taken from the State Comptroller's records which have been reconciled to the records of the Commission. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.					
GRAND TOTAL - ALL FUNDS	$ 26,349,500	$ 37,663,933	$ 1,818,893	$ 39,482,826	$ 2,713,089

Notes: The above information was taken from the State Comptroller's records which have been reconciled to the records of the Commission. Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.

Schedule 3

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2013, 2012, and 2011

	FISCAL YEAR		
	2015 PA 98-0681	2014 PA 98-0050	2013 PA 097-0731
APPROPRIATED FUNDS			
Illinois Workers' Compensation Commission Operations Fund - 534			
Appropriations (Net After Transfers)	$ 27,572,600	$ 26,349,500	$ 26,128,800
Expenditures			
Personal Services	$ 11,843,034	$ 11,502,077	$ 11,780,543
State Contributions to Employee Retirement	4,988,641	4,620,438	4,448,217
State Contribution to Social Security	864,197	811,977	865,779
Group Insurance	2,631,276	2,763,557	3,186,823
Contractual Services	1,744,038	1,873,961	1,669,818
Travel	333,367	348,442	361,001
Commodities	51,647	51,282	80,468
Printing	26,788	36,698	34,756
Equipment	59,342	109,852	62,567
Telecommunications	131,647	158,326	148,880
Printing and Distribution of Workers' Compensation Handbooks of Rights and Obligations of Employers	-	-	1,400
Implementation and Operation of an Accident Reporting System	57,662	81,599	56,956
Establishment and Administration and Operations of the Insurance Compliance Division	1,567,382	1,199,033	1,096,894
Establishment of the Medical Fee Schedule	44,587	79,169	26,627
Total Expenditures	$ 24,343,608	$ 23,636,411	$ 23,820,729
Lapsed Balances	$ 3,228,992	$ 2,713,089	$ 2,308,071
TOTAL APPROPRIATED FUNDS			
Appropriations (Net After Transfers)	$ 27,572,600	$ 26,349,500	$ 26,128,800
Total Expenditures	24,343,608	23,636,411	23,820,729
Lapsed Balances	$ 3,228,992	$ 2,713,089	$ 2,308,071
NON-APPROPRIATED FUNDS			
Injured Workers' Benefit Fund - 179			
Expenditures			
Social Assistance	$ 1,658,558	$ 1,161,510	$ 1,294,855
Total Expenditures	$ 1,658,558	$ 1,161,510	$ 1,294,855
Self-Insurers' Administration Fund - 274			
Expenditures			
General and Administrative	$ 495,941	$ 409,149	$ 390,570
Total Expenditures	$ 495,941	$ 409,149	$ 390,570
Second Injury Fund - 431			
Expenditures			
Social Assistance	$ 1,179,643	$ 1,380,304	$ 1,114,694
Total Expenditures	$ 1,179,643	$ 1,380,304	$ 1,114,694

Schedule 3
(Continued)

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2013, 2012, and 2011

	FISCAL YEAR		
	2015 PA 98-0681	2014 PA 98-0050	2013 PA 097-0731
Illinois Workers' Compensation Fund - 534			
Expenditures			
Refunds, Not Elsewhere Classified	$ -	$ -	$ 9,209
Total Expenditures	$ -	$ -	$ 9,209
Rate Adjustment Fund - 685			
Expenditures			
Social Assistance	$ 14,397,234	$ 11,134,008	$ 11,223,830
General and Administrative	11,376	78,087	-
Total Expenditures	$ 14,408,610	$ 11,212,095	$ 11,223,830
Self-Insurers' Security Fund - 940			
Expenditures			
Social Assistance	$ 1,404,674	$ 1,276,208	$ 1,340,569
General and Administrative	219,262	407,149	12,425,271
Total Expenditures	$ 1,623,936	$ 1,683,357	$ 13,765,840
GRAND TOTAL APPROPRIATIONS ALL FUNDS	$ 27,572,600	$ 26,349,500	$ 26,128,800
GRAND TOTAL EXPENDITURES ALL FUNDS	$ 43,710,296	$ 39,482,826	$ 51,619,727
SALARIES PAID FROM THE COMPTROLLERS EXECUTIVE SUMMARY APPROPRIATIONS:			
Chairman of the Workers' Compensation Commission	$ 124,260	$ 125,232	$ 124,746
Commissioners (Members: Nine in 2015, 2014, 2013)	1,077,766	1,000,171	1,013,769
	$ 1,202,026	$ 1,125,403	$ 1,138,515

Schedule 4

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
COMPARATIVE SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE (CASH BASIS) - LOCALLY HELD FUNDS

	Fiscal Years Ended June 30,		
	2015	2014	2013
Transcript Deposit Fund - 1168			
Cash Balance, July 1	$ -	$ 66,184	$ 55,858
Receipts	-	1,974	15,185
Disbursements	-	(68,158)	(4,859)
Cash Balance, June 30	$ -	$ -	$ 66,184

Schedule 5

STATE OF ILLINOIS
ILLINOIS WORKERS' COMPENSATION COMMISSION
SCHEDULE OF CHANGES IN STATE PROPERTY
FOR THE TWO YEARS ENDED JUNE 30, 2015

	Self-Insurers' Administration Fund - 274	Illinois Workers' Compensation Commission Operations Fund - 534	
	Equipment	**Equipment**	**Total**
Balance, July 01, 2013	$ 101,208	$ 2,736,600	$ 2,837,808
Additions	-	112,101	112,101
Deletions and transfers	(36,162)	(401,313)	(437,475)
Net transfers and adjustments	-	(162,238)	(162,238)
Balance, June 30, 2014	65,047	2,285,150	2,350,197
Additions	-	137,673	137,673
Deletions and transfers	(20,825)	(830,638)	(851,463)
Net transfers and adjustments	(299)	(286,612)	(286,911)
Balance, June 30, 2015	$ 43,923	$ 1,305,573	$ 1,349,496

The above schedule has been derived from the property reports submitted to the Office of the Comptroller. However, we were not able to reconcile Fiscal Year 2014 amounts to the Commission's property records. (See Finding Code 2015-003)

Schedule 6

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30, 2015, 2014 and 2013

	Fiscal Years		
	2015	2014	2013
Injured Workers' Benefit Fund - 179			
Fines, Penalties or Violations	$ 2,217,102	$ 1,813,666	$ 1,165,500
Prior Year Warrant Voids	-	-	1,009,274
Prior Year Refund	-	-	7,307
Total Receipts	$ 2,217,102	$ 1,813,666	$ 2,182,081
Self-Insurers' Administration Fund - 274			
Licenses, Fees or Registrations	$ 338,517	$ 382,000	$ 1,059,458
Total Receipts	$ 338,517	$ 382,000	$ 1,059,458
Second Injury Fund - 431			
Statutory Assessments	$ 1,106,304	$ 1,022,816	$ 1,847,337
Prior Year Warrant Voids	1,182	-	-
Total Receipts	$ 1,107,486	$ 1,022,816	$ 1,847,337
Illinois Workers' Compensation Commission Operations Fund - 534			
Statutory Assessments	$ 2,697,041	$ 2,458,988	$ 2,377,016
Prior Year Refund	-	153	-
Total Receipts	$ 2,697,041	$ 2,459,141	$ 2,377,016
Rate Adjustment Fund - 685			
Statutory Assessments	$ 4,644,086	$ 14,484,093	$ 14,135,369
Prior Year Refund	15,909	13,362	-
Prior Year Warrant Voids	35	1,581	-
Total Receipts	$ 4,660,030	$ 14,499,036	$ 14,135,369
Self-Insurers' Security Fund - 940			
Securities Collected, Assessments and Reimbursements	$ 623,235	$ 397,144	$ 2,738,750
Total Receipts	$ 623,235	$ 397,144	$ 2,738,750
Total Cash Receipts Recorded by the Commission	$ 11,643,411	$ 20,573,803	$ 24,340,011

Schedule 7

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED
TO THE STATE COMPTROLLER
For the Fiscal Years Ended June 30, 2015, 2014, and 2013

	Fiscal Years		
	2015	2014	2013
Injured Workers' Benefit Fund - 179			
Receipts per Commission Records	$ 2,217,102	$ 1,813,666	$ 2,182,081
Add: Receipts in Transit, Beginning of Year	10,355	69,247	32,844
Less: Receipts in Transit, End of Year	43,465	10,355	69,247
Total Deposits Remitted to Comptroller	$ 2,183,992	$ 1,872,558	$ 2,145,678
Self-Insurers' Administration Fund - 274			
Receipts per Commission Records	$ 338,517	$ 382,000	$ 1,059,458
Add: Receipts in Transit, Beginning of Year	5,000	6,000	11,025
Less: Receipts in Transit, End of Year	12,000	5,000	6,000
Total Deposits Remitted to Comptroller	$ 331,517	$ 383,000	$ 1,064,483
Second Injury Fund - 431			
Receipts per Commission Records	$ 1,107,486	$ 1,022,816	$ 1,847,337
Add: Receipts in Transit, Beginning of Year	1,961	14,322	286
Less: Receipts in Transit, End of Year	757	1,961	14,322
Total Deposits Remitted to Comptroller	$ 1,108,690	$ 1,035,177	$ 1,833,301
Illinois Workers' Compensation Commission Operations Fund - 534			
Receipts per Commission Records	$ 2,697,041	$ 2,459,141	$ 2,377,016
Add: Receipts in Transit, Beginning of Year	-	366	-
Less: Receipts in Transit, End of Year	-	-	366
Total Deposits Remitted to Comptroller	$ 2,697,041	$ 2,459,507	$ 2,376,650
Rate Adjustment Fund - 685			
Receipts per Commission Records	$ 4,660,030	$ 14,499,036	$ 14,135,369
Add: Receipts in Transit, Beginning of Year	19,767	188	7,635
Less: Receipts in Transit, End of Year	1,830	19,767	188
Total Deposits Remitted to Comptroller	$ 4,677,967	$ 14,479,457	$ 14,142,816
Self-Insurers' Security Fund - 940			
Receipts per Commission Records	$ 623,235	$ 397,144	$ 2,738,750
Add: Receipts in Transit, Beginning of Year	-	28,588	233,556
Less: Receipts in Transit, End of Year	-	-	28,588
Total Deposits Remitted to Comptroller	$ 623,235	$ 425,732	$ 2,943,718

Schedule 8

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

The Illinois Workers' Compensation Commission's (Commission) explanations for significant fluctuations in expenditures of 20 percent or more and above $10,000 as presented in the Comparative Schedule of Appropriations, Expenditures and Lapsed Balance (Schedule 3) are detailed below.

Fiscal Year 2015

Illinois Workers' Compensation Commission Operations Fund – 534

Expenditures for equipment decreased by $50,510 (46%) due to the purchases of office equipment for additional offices in Fiscal Year 2014, but not in Fiscal Year 2015.

Expenditures for the implementation and operation of an accident reporting system decreased by $23,937 (29%) due to less payments for a contract for occupational disease surveillance in Fiscal Year 2015.

Expenditures for the establishment and administration and operations of the insurance compliance division increased by $368,349 (31%) due to hiring of additional personnel for the Insurance Compliance Division.

Expenditures for the establishment of the medical fee schedule decreased by $34,582 (44%) due to reduction in the scope of work for consulting services and professional services during Fiscal Year 2015.

Injured Workers' Benefit Fund – 179

Expenditures for social assistance increased by $497,048 (43%) due to increase in payment of claims for injured workers of uninsured employers. Payments of benefit claims vary depending on the number of eligible claims received and the amount of money in the fund in each fiscal year.

Self-Insurers' Administration Fund – 274

Expenditures for general and administrative increased by $86,792 (21%) due to increase in personal services for the year.

Rate Adjustment – 685

Expenditures for social assistance increased by $3,263,226 (29%) due to increase of benefit payments due to increase in payment of claims for injured workers. Payments of benefit claims vary depending on the number of eligible claims received and the amount of money in the fund in each fiscal year.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES

Expenditures for general and administrative decreased by $66,711 (85%) due to less refunds for assessment overpayments during Fiscal Year 2015.

Self-Insurers' Security Fund - 940

Expenditures for general and administrative decreased by $187,887 (46%) due to the return of the security deposits of approximately $101,000 to a self-insured company during Fiscal Year 2015.

Fiscal Year 2014

Illinois Workers' Compensation Commission Operations Fund – 534

Expenditures for commodities decreased by $29,186 (36%) due to equipment purchased for the file room in Fiscal Year 2013, but not in Fiscal Year 2014.

Expenditures for equipment increased by $47,285 (76%) due to the Commission ordering office equipment for additional offices during Fiscal Year 2014.

Expenditures for the implementation and operation of an accident reporting system increased by $24,643 (43%) due to payments for an occupational disease surveillance contract during Fiscal Year 2014.

Expenditures for the establishment of the medical fee schedule increased by $52,542 (197%) due to additional consulting services and professional services.

Second Injury Fund – 431

Expenditures for social assistance increased by $265,610 (24%) due to increase in payment of claims for injured workers.

Rate Adjustment – 685

Expenditures for general and administrative increased by $78,087 (100%) due to increase in refunds for assessment overpayments during the year.

Self-Insurers' Security Fund - 940

Expenditures for general and administrative decreased by $12,018,122 (97%) primarily due to the net effect of the return of security deposits of approximately $365,000 to a self-insured company during the year and security deposits of approximately $11,400,000 was returned to a self-insured company after the self-insured company replaced the security deposit with a new escrow account in Fiscal Year 2013.

Schedule 9

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

The Illinois Workers' Compensation Commission's (Commission) explanations for significant fluctuations in receipts of 20 percent or more and above $10,000 as presented in the Comparative Schedule of Cash Receipts (Schedule 6) are detailed below.

Fiscal Year 2015

Injured Workers' Benefit Fund – 179

Cash receipts from fines, penalties or violations increased by $403,436 (22%) due to additional revenues collected related to fines and penalties charged against companies without workers' compensation insurance during Fiscal Year 2015.

Rate Adjustment Fund – 685

Cash receipts from statutory assessments decreased by $9,840,007 (68%) due to percentages charged for Rate Adjustment Fund assessments were less due to transfer of funds from the Settlement Fund to pay Rate Adjustment Fund liabilities during Fiscal Year 2015.

Self-Insurers' Security Fund – 940

Cash receipts from securities collected, assessments and reimbursements increased by $226,091 (57%) due to more revenues were collected related to securities and insurance reimbursements during Fiscal Year 2015.

Fiscal Year 2014

Injured Workers' Benefit Fund – 179

Cash receipts from fines, penalties or violations increased by $648,166 (56%) due to additional revenues collected related to fines and penalties charged against companies without workers' compensation insurance during Fiscal Year 2014.

Cash receipts from prior year warrant voids decreased by $1,009,274 (100%) due to the cancellation of vouchers for estimated benefit payments erroneously processed during the lapse period of Fiscal Year 2012 and recorded as receipts in Fiscal Year 2013 as prior year voided warrants. There were no cash receipts from prior year warrant voids during Fiscal Year 2014.

Self-Insurers' Administration Fund – 274

Cash receipts from licenses, fees or registrations decreased by $677,458 (64%) due to a transfer of funds from the Self-Insurers' Security Fund authorized and approved by the Self-Insurers' Advisory Board to cover operating budget shortfall and potential capital expenditures in the Self-

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS

Insurers' Administration Fund in Fiscal Year 2013. There was no transfer of funds from the Self-Insurers' Security Fund during Fiscal Year 2014.

Second Injury Fund – 431

Cash receipts from statutory assessments decreased by $824,521 (45%) due to the Commission issuing only one assessment at full rate during Fiscal Year 2014.

Rate Adjustment Fund – 685

Cash receipts from prior year refund increased by $13,362 (100%) due to refunds received from benefit overpayments during Fiscal Year 2014.

Self-Insurers' Security Fund – 940

Cash receipts from securities collected, assessments and reimbursements decreased by $2,341,606 (86%) due to no assessments were made during Fiscal Year 2014.

Schedule 10

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

The Illinois Workers' Compensation Commission's (Commission) explanations for significant lapse period spending of 20 percent or more and above $10,000 as presented in the Schedule of Appropriations, Expenditures and Lapsed Balances for Fiscal Years 2015 and 2014 (Schedule 3) are detailed below.

Fiscal Year 2015

Illinois Workers' Compensation Commission Operations Fund – 534

Lapse period spending on contractual services was $388,765 (22%) of total expenditures. Payments to the Department of Central Management Services (DCMS) for remaining services rendered, such as facilities managements, were made during the lapse period.

Lapse period spending on equipment was $42,298 (71%) of total expenditures. Several equipment items, particularly a postage meter machine to replace a non-working one, were ordered towards the end of the year. These were received and paid during the lapse period.

Lapse period spending on telecommunications was $31,992 (24%) of total expenditures. Spending was related to voucher paid during the lapse period to DCMS for telephone equipment rentals and services.

Lapse period spending on implementation and operation of an accident reporting system was $14,255 (25%) of total expenditures. Professional services invoice from a vendor was received and paid during the lapse period.

Lapse period spending on establishment of the medical fee schedule was $12,398 (28%) of total expenditures. Invoices related to medical Information Technology services were received in June, and were paid during the lapse period.

Fiscal Year 2014

Illinois Workers' Compensation Commission Operations Fund – 534

Lapse period spending on contractual services was $506,467 (27%) of total expenditures. Payments to the Department of Central Management Services (DCMS) for remaining services rendered, such as facilities managements, were made during the lapse period.

Lapse period spending on commodities was $12,403 (24%) of total expenditures. The Commission ordered materials and supplies near the end of the fiscal year. These were received and paid during the lapse period.

Schedule 10
(Continued)

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

Lapse period spending on equipment was $101,415 (92%) of total expenditures. The Commission purchased office equipment, such as computers, to upgrade and replace older models, towards the end of the fiscal year. Payments for these items were made during the lapse period.

Lapse period spending on telecommunications was $47,932 (30%) of total expenditures. Spending was related to voucher paid during the lapse period to DCMS for telephone equipment rentals and services.

Lapse period spending on implementation and operation of an accident reporting system was $42,790 (52%) of total expenditures. Payments for statistical data services rendered during the year were made during the lapse period.

Schedule 11

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
ANALYSIS OF SIGNIFICANT ACCOUNT BALANCES

A comparative schedule of significant variations in balance sheet accounts that differed from the previous year by 20 percent or more is shown below. The Illinois Workers' Compensation Commission's management provided the following explanation for the significant variations in balance sheet accounts.

Self-Insurers' Security Fund – 940

	FISCAL YEAR ENDED JUNE 30		INCREASE DECREASE	
	2015	2014	AMOUNT	%
Accounts Payable	$ 98,590	$ 33,185	$ 65,405	197%
Due to other Funds	3,415	12,692	(9,277)	73%
Compensated Absences	3,950	-	3,950	100%

Accounts Payable

The increase in accounts payable was due to the timing of payments to vendors and claimants.

Due to other Funds

The decrease in due to other funds was due to the timing of payments to other State Agencies' funds for group insurance and State retirement contributions.

Compensated Absences

The increase in compensated absences was due to unpaid, accumulated vacation and sick leave balances for eligible Fund employees.

Schedule 12

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
RATE ADJUSTMENT FUND – SCHEDULE OF FUND BALANCE (Not Examined)

The Workers' Compensation Act (820 ILCS 305/7(f)) provides for the rate of assessments to be charged to employers for the Rate Adjustment Fund (RAF). Assessment rates vary depending on the fund balance as of February and August of each year. The balance of the fund did not exceed the statutory amount for moratorium on employer contributions. During the Fiscal Years 2013 and 2014, the Commission sent out an assessment at full rate and an one assessment at half rate. During Fiscal Year 2015, the Commission sent out an assessment at half rate. Presented below are RAF balances for the fiscal years ended June 30, 2015, 2014, and 2013 respectively:

	2015	2014	2013
Beginning Fund Balance	$ 12,005,844	$ 8,515,216	$ 5,711,765
Revenues			
Statutory Assessments	4,677,967	14,479,457	14,279,460
Other Revenue	3,694,330	-	-
Interest Income	40,297	35,084	30,197
Expenses			
Social Assistance	(14,201,017)	(11,023,913)	(11,506,206)
Interest Expense	-	-	-
Ending Fund Balance	$ 6,217,421	$ 12,005,844	$ 8,515,216

The Commission is required to provide a cost of living adjustment (COLA) based on the State's computed average weekly wage, pursuant to Sections 8(f) and 8(g) of the Workers' Compensation Act, to persons who have received an award from the Commission that provides for Permanent Total Disability 8(f) or Statutory Permanent Total Disability 8(e)18 or if an employee's death is determined to be related to a work injury.

Fiscal Year 2015 other revenue of $3,694,330 represents transfer from the settlement fund to pay the outstanding loan to the General Revenue Fund. The settlement fund was created as a result of the settlement of a lawsuit between the Chamber of Commerce and the Illinois Workers' Compensation Commission.

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
ANALYSIS OF ACCOUNTS RECEIVABLE (Not Examined)
For the Two Years Ended June 30, 2015

Aging of Accounts Receivable, per Commission's records, were as follows:

	Injured Workers Benefit Fund	Illinois Workers' Compensation Commission Operations Fund	Rate Adjustment Fund	Self-Insurers' Security Fund	TOTAL
As of June 30, 2015					
Current	$ 2,771,469	$ 6,158	$ 1,819	$ 217,478	$ 2,996,924
1-30 days	23,536	100	81,368	-	105,004
31-90 days	44,916	200	10,702	-	55,818
91-180 days	60,020	300	3,022	-	63,342
181 days - 1 year	65,328	615	19,706	17,914	103,563
Over 1 year	3,062,315	300	-	3,175	3,065,790
Accounts Receivable Gross Balance	6,027,584	7,673	116,617	238,567	6,390,441
Less: Estimated Uncollectibles	3,127,643	915	19,706	-	3,148,264
Accounts Receivable Net Balance	$ 2,899,941	$ 6,758	$ 96,911	$ 238,567	$ 3,242,177
As of June 30, 2014					
Current	$ 2,004,891	$ 6,600	$ -	$ -	$ 2,011,491
1-30 days	25,253	-	-	-	25,253
31-90 days	38,239	-	-	-	38,239
91-180 days	52,926	-	-	-	52,926
181 days - 1 year	114,792	-	-	-	114,792
Over 1 year	3,018,276	-	1,276	3,040	3,022,592
Accounts Receivable Gross Balance	5,254,377	6,600	1,276	3,040	5,265,293
Less: Estimated Uncollectibles	3,133,068	-	1,276	3,040	3,137,384
Accounts Receivable Net Balance	$ 2,121,309	$ 6,600	$ -	$ -	$ 2,127,909

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM (Not Examined)

FUNCTIONS

The Illinois Workers Compensation Commission (Commission) administers the Workers' Compensation Act (820 ILCS 305/0) (Act) and the Workers' Occupational Diseases Act (820 ILCS 320/). The Self-Insurers' Advisory Board, established within the Commission, was created for the purpose of administrating the Self-Insurers' Security Fund.

The Commission consists of ten members appointed by the Governor with the consent of the Senate. Of the ten members, three are representatives of employers, three are employees covered under the Act and four are representative citizens not identified with either the employing or employee classes. The Chairman of the Commission has the general supervisory authority over all personnel of the Commission, including arbitrators and Commissioners, including but not limited to the assignment and distribution of cases and assignment of Commissioners to panels.

The Act authorizes the Commission to function as a quasi-judicial body with the equivalent of court status in that its records, when properly represented, are accepted by regularly constituted courts as legal evidence and its decisions are final unless an appeal is made to the Courts, i.e. Circuit Court, Appellate Court, and Supreme Court. The Commission has authority to formulate rules and orders for its procedures, administer oaths and issue subpoenas commanding witnesses to produce documents.

The applications for adjustment of claims are first heard by a Commission Arbitrator. Appeal of an Arbitrator's decision is heard by a panel of three members of the Commission. The Commission can affirm, reverse or modify the Arbitrator's decision. A case can then be appealed to the Circuit Court after which further appeal is taken to the Appellate Court. Appeals to the Supreme Court are at the option of the Supreme Court.

The mission of the Commission is to resolve disputes that arise between injured workers and their employers regarding workers' compensation, and to assure financial protection to injured workers and their dependents at reasonable costs to employers and to provide employers timely resolution of cases allowing for lower legal bills and higher levels of productivity. The Commission coordinates the various elements of the public service and information functions to structure a cohesive public service and information department. These elements are comprised of telephone responses to requests for information, distribution of forms and literature, pro se counseling and preparation of literature for distribution.

PLANNING PROGRAM

The Commission has established formal written long and short-term goals and objectives, which are conducive to fulfilling its mandates as follows:

- Enhance timeliness and quality of case resolutions and other services;
- Investigate, identify, and enforce insurance compliance;
- Improve technology to enhance customer access to and usefulness of Workers' Compensation Commission data; and
- Monitor and investigate the incidence of employer noncompliance with Workers' Compensation insurance requirements.

The priority of each Commission's department is to streamline processes with the support of Information Technology department.

CHAIRMAN AND COMMISSIONERS

The Commission's Chairman and Commissioners during the two year period ended June 30, 2015 is as follows:

CHAIRMAN

- Joann Fratianni (02/23/15 to Current)
  Ronald Rascia (12/01/14 to 02/22/15)
  Michael Latz (03/22/13 to 11/30/14)

COMMISSIONERS

- Employee Representatives
  - David Gore
  - Charles Devriendt
  - Thomas Tyrrell
- Public Representatives
  - Michael Brennan
  - Joshua Luskin (02/23/15 to Current)
    Daniel Donohoo (through 02/22/15)
  - Stephen Mathis (01/01/14 to Current)
    Yolaine Dauphin (through 12/31/14)
- Employer Representatives
  - Mario Basurto
  - Kevin Lamborn
  - Ruth White

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
AVERAGE NUMBER OF EMPLOYEES (Not Examined)

	For Fiscal Years Ended June 30		
	2015	2014	2013
Administrative - General Office (Including Court Reporters)	103	105	106
Arbitrators	30	29	28
Electronic Data Processing	7	6	8
Insurance Compliance	10	8	8
Administrative Exempt	2	3	3
Self-Insurers' Administration Fund	3	3	3
Self-Insurers' Security Fund	1	1	1
Total Average Employees	156	155	157
Commissioners, including the Chairman	10	10	9

The Commissioners and Chairman are paid from the Comptroller's State Officers' Salaries appropriation. Amounts paid are to be in accordance with the Workers' Compensation Act (820 ILCS 305/13)

STATE OF ILLINOIS
WORKERS' COMPENSATION COMMISSION
SERVICE EFFORTS AND ACCOMPLISHMENTS (Not Examined)

ANALYSIS OF WORKERS' COMPENSATION CASES

CASE LOAD VOLUME	Fiscal Years Ended June 30, 2015*	2014	2013
Summary			
Cases Pending at Beginning of Year	93,627	93,992	94,418
New Cases Filed During the Year	43,733	43,732	43,224
Cases Reinstated During the Year	1,359	1,387	2,100
Total Cases to be Processed	138,719	139,111	139,742
Deduct Cases Closed During Year	(45,578)	(45,484)	(45,750)
CASES PENDING AT YEAR END	93,141	93,627	93,992
ANALYSIS OF CASES FILED			
Application for Arbitration	38,932	38,930	37,173
Original Applications for Approval of Settlement Contracts	4,801	4,802	6,051
TOTAL NEW CASES FILED	43,733	43,732	43,224
ANALYSIS OF CASES CLOSED			
By Arbitrators and Commissioners			
Dismissed at Review	160	162	150
Dismissed by Applicants at Arbitration	621	629	500
Dismissed for Want of Prosecution at Arbitration	4,533	3,881	4,300
By Decisions of Arbitrators and Commissioners	1,961	2,003	2,400
By Approval of Settlement Contracts and Lump Sum Settlements	38,303	38,809	38,400
TOTAL CASES CLOSED	45,578	45,484	45,750

ANALYSIS OF CASES	Fiscal Years Ended June 30, 2015*	2014	2013
Cases Pending at Beginning of Year	63.44%	67.78%	67.57%
New Cases Filed During the Year	35.46%	31.23%	30.93%
Cases Reinstated During the Year	1.10%	0.99%	1.50%
Total Cases to be Processed	100.00%	100.00%	100.00%

	2015-2014 Increase/(Decrease)		2014-2013 Increase/(Decrease)	
	No. of Cases	%	No. of Cases	%
Total Cases to be Processed	(392)	-.004%	(631)	-.005%
Deduct Cases Closed During the Year	94	.002%	(266)	-.006%
Cases Pending at Year End	(486)	-.005%	(365)	-.004%

*Estimated as of June 6, 2015.