

**STATE OF ILLINOIS
JOINT COMMITTEE ON ADMINISTRATIVE RULES**

**COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2004**

STATE OF ILLINOIS
JOINT COMMITTEE ON ADMINISTRATIVE RULES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2004

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	4
Auditors' Reports	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	5
Findings and Recommendations	
Current Findings - State	8
Supplementary Information for State Compliance Purposes	
Summary	12
Fiscal Schedules and Analysis	
Schedule of Appropriations, Expenditures and Lapsed Balances	13
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	15
Schedule of Changes in State Property	16
Comparative Schedule of Cash Receipts	17
Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller	18
Analysis of Significant Variations in Expenditures	19
Analysis of Significant Variations in Receipts	20
Analysis of Significant Lapse Period Spending	21
Analysis of Operations	
Agency Functions and Planning Program	22
Interagency Agreement	24
Average Number of Employees	25
Service Efforts and Accomplishments	25

AGENCY OFFICIALS

JOINT COMMITTEE ON ADMINISTRATIVE RULES

Executive Director

Ms. Vicki Thomas

Deputy Director

Ms. Claire Eberle

Fiscal Officer (7/1/02 - 7/29/03)

Ms. Sandy Pride

Fiscal Officer (7/30/03 – current)

Ms. Rita Messinger

Agency offices are located at:

700 Stratton Office Building
Springfield, IL 62706

JOINT COMMITTEE ON ADMINISTRATIVE RULES
ILLINOIS GENERAL ASSEMBLY

CO-CHAIR:
SEN. MAGGIE CROTTY

CO-CHAIR:
REP. BRENT HASSERT

EXECUTIVE DIRECTOR:
VICKI THOMAS



700 STRATTON BUILDING
SPRINGFIELD, ILLINOIS 62706
217/785-2254

SEN. J. BRADLEY BURZYNSKI
SEN. JAMES F. CLAYBORNE, JR.
SEN. STEVE RAUSCHENBERGER
SEN. DAN RUTHERFORD
SEN. IRA SILVERSTEIN
REP. TOM HOLBROOK
REP. DAVID R. LEITCH
REP. LARRY McKEON
REP. DAVID MILLER
REP. ROSEMARY MULLIGAN

October 6, 2004

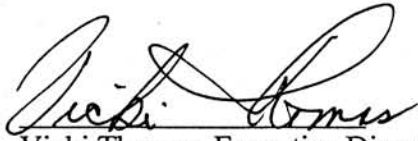
Honorable William G. Holland
Auditor General
State of Illinois
Iles Park Plaza
740 East Ash
Springfield IL 62703-3154

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grants that could have a material effect on the operations of JCAR. 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 JCAR's compliance with the following assertions during the two-year period ended June 30, 2004. Based on this evaluation, we assert that during the years ended June 30, 2004 and June 30, 2003, JCAR has materially complied with the assertions below.

- A. The agency has obligated, expended, received and used public funds of the State in accordance with the purpose for which those funds were appropriated or otherwise authorized by law.
- B. The agency has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon the obligation, expenditure, receipt or use.
- C. The agency has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by JCAR are in accordance with applicable laws and regulations. The accounting and recordkeeping of these revenues and receipts is fair, accurate and in accordance with law.
- E. The money or negotiable securities or similar assets handled by JCAR on behalf of the State or held in trust by JCAR have been properly and legally administered. The accounting and recordkeeping relating to those assets is proper, accurate and in accordance with law.

Sincerely,

Joint Committee on Administrative Rules

A handwritten signature in cursive script, appearing to read "Vicki Thomas".

Vicki Thomas, Executive Director

A handwritten signature in cursive script, appearing to read "Rita Messinger".

Rita Messinger, Fiscal Officer

m:auditmgmtltr

COMPLIANCE REPORT

SUMMARY

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

AUDITORS' REPORTS

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

SUMMARY OF FINDINGS

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

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

SUMMARY OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
FINDINGS (STATE COMPLIANCE)		
04-1	8	Noncompliance with Illinois Administrative Procedure Act
04-2	11	Failure to timely report to the General Assembly

EXIT CONFERENCE

The Agency declined a formal exit conference.



OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the Illinois Joint Committee on Administrative Rules 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, 2004. The management of the Illinois Joint Committee on Administrative Rules is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois Joint Committee on Administrative Rules' compliance based on our examination.

- A. The Illinois Joint Committee on Administrative Rules 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 Illinois Joint Committee on Administrative Rules 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 Illinois Joint Committee on Administrative Rules has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. The State revenues and receipts collected by the Illinois Joint Committee on Administrative Rules 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 Illinois Joint Committee on Administrative Rules on behalf of the State or held in trust by the Illinois Joint Committee on Administrative Rules 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 Illinois Joint Committee on Administrative Rules' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Illinois Joint Committee on Administrative Rules' compliance with specified requirements.

In our opinion, the Illinois Joint Committee on Administrative Rules complied, in all material respects, with the aforementioned requirements during the two years ended June 30, 2004. However, the results of our procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of State findings as Finding 04-1 and Finding 04-2.

There were no immaterial findings relating to instances of noncompliance that have been excluded from this report.

Internal Control

The management of the Illinois Joint Committee on Administrative Rules is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations. In planning and performing our examination, we considered the Illinois Joint Committee on Administrative Rules' internal control over compliance with the aforementioned requirements in order to determine our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General.

Our consideration of internal control over compliance with the aforementioned requirements would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws and regulations that would be material in relation to one or more of the aforementioned requirements being examined may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance that we consider to be material weaknesses.

There were no immaterial findings relating to internal control deficiencies that have been excluded from this report.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2004 and 2003 Supplementary Information for State Compliance Purposes, except for information on Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2002 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

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


BRUCE L. BULLARD, CPA
Compliance Audit Director

October 6, 2004

04-1. **FINDING** (Noncompliance with Illinois Administrative Procedure Act)

The Joint Committee on Administrative Rules (JCAR) did not comply with the Illinois Administrative Procedure Act (Act).

- JCAR did not evaluate the rules of each agency at least once every five years as required by the Act (5 ILCS 100/5-130). The Act requires JCAR to evaluate rules under this section to include an examination of the following: organizational, structural, and procedural reforms that affect rules or rulemaking; merger, modification, establishment, or abolition of regulations; elimination or phasing out outdated, overlapping, or conflicting regulatory jurisdictions or requirements of general applicability and economic and budgetary effects.
- JCAR did not perform a systematic and continuing study of existing rules or the existing rulemaking process of agencies as required by the Act (5 ILCS 100/5-105). The Act requires JCAR to perform this review in order to improve the rulemaking process, reduce the repetition and redundancy of rules, and correct grammatical errors.
- JCAR did not make periodic investigations of the rulemaking activities of all agencies as required by the Act (5 ILCS 100/5-100(c)). The Act requires JCAR to evaluate and report on these rules in terms of their propriety, legal adequacy, relation to statutory authorization, economic and budgetary effects, and public policy.

JCAR officials stated that the agency had previously tried to establish a program to comply with these statutes, but was and still is unable to due to lack of adequate staff resources. JCAR officials indicate to responsibly fulfill these mandates would require at least twice the staff resources that have been available to JCAR.

Failure to review the rules of State agencies is in noncompliance with a statutory mandate. Inability to review all agencies' rulemakings at least once every five years could cause outdated, overlapping, or conflicting regulatory jurisdictions or requirements to go undetected. (Finding Code No. 04-1, 02-1, 00-1, 98-1, 96-1, 94-1, 92-1, 90-1 and 90-4, 88-1 and 88-2.)

RECOMMENDATION

We recommend that JCAR develop and implement a formal long-range plan, which addresses methods to bring operations into compliance with statutory requirements or seek appropriate legislative remedy.

AGENCY RESPONSE

JCAR acknowledges that it has not been able to carry out the statutory requirement that it conduct a 5-year review of all rules of all State agencies. During 4 years early in JCAR's history (1980-83), an attempt was made to conduct these reviews, but that effort had to be abandoned for lack of adequate staff resources to conduct both on-going review of new regulations and the 5-year periodic review. To responsibly fulfill both these mandates would require at least twice the staff resources that have been available to JCAR.

In view of the present levels of staffing, JCAR, like every other State agency with limited resources, has had to set priorities. It has chosen to give more priority to ongoing review of new rules and amendments to existing rules than to a structured 5-year review for several reasons.

First, a review of all existing rules every 5 years would have the main advantage of removing from the Code any rules that are no longer necessary, streamlining rules that have been adopted piecemeal over the years, and updating language to the currently preferred plain language style. However, those rules have been in existence for several years without cataclysmic results. In recognition of this, JCAR believes it has acted responsibly in giving priority to reviewing rules and new regulatory schemes, the reasonableness of which has not been tested by time.

Second, the goals of culling outdated rules, streamlining rules and improving their readability is served to a great degree within the on-going review program. Some agencies initiate this type of clean-up with diligence, and JCAR promotes review of existing text as part of its review of every amendatory rulemaking.

Third, the initial responsibility for Code cleanup lies not with JCAR, but with the administrative agencies. They created the regulations and they work continually with the affected public in their implementation of those regulations. JCAR's conduct of a 5-year review would serve mainly to force an agency to periodically give priority to initiating a self-review and cleanup if it has not been able to do so in the course of its normal activities. The absence of formal 5-year review does not mean that existing rules are not reviewed, because many agencies are commendably responsible in continually reviewing their own rules.

Fourth, JCAR gives strong priority to its complaint review program as well as its proposed rule review program. If, after an existing regulation has been time tested, any member of the public brings a complaint about the regulation to JCAR, staff will initiate a preliminary review and report the issue to the JCAR membership. JCAR can then vote to officially pursue the issue with the agency. In partnership with the affected public, JCAR has been able to concentrate its limited resources on existing rules that are problematic, rather than dedicating countless hours to review of adequate and responsible rules.

The auditors recommend that if JCAR cannot conduct 5-year review, it seek an amendment to the Administrative Procedure Act to change the current mandatory requirement for such review. As this finding points out, such legislation has been initiated in the past, but without passage. JCAR will again consider this issue when it devises its legislative recommendations for 2005.

04-2. **FINDING** (Failure to timely report to the General Assembly)

The Joint Committee on Administrative Rules (JCAR) did not file its required Annual Reports to the General Assembly in a timely manner.

The Illinois Administrative Procedure Act (5 ILCS 100/5 – 140) requires JCAR to report its findings, conclusions, and recommendations, including suggested legislation, to the General Assembly by February 1 of each year.

The 2002 Annual Report was filed 60 days late and the 2003 Annual Report was filed 94 days late.

JCAR officials stated that having to compile the statistics delayed submission of the reports.

Failure to report to the General Assembly by February 1 of each year is noncompliance with a statutory mandate. (Finding Code No. 04-2, 02-2, 00-2, 98-2, 96-2, and 94-2.)

RECOMMENDATION

We recommend JCAR submit to the General Assembly a report of its findings, conclusions, and recommendations, including suggested legislation, by February 1 of each year as required by statute.

AGENCY RESPONSE

The audit finding notes that the 2002 Annual Report missed the February 1st date for report submittal to the General Assembly by 60 days, and the 2003 Annual Report missed by 94 days. Given the staff shortage that JCAR has been operating under for more than 2 years and the fact that much rulemaking statistical and analytical data cannot be compiled before the end of the calendar year, JCAR has greatly improved upon its compliance with the annual report requirement. However, JCAR will continue to strive for compliance by February 1st in the future.

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- 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 Operations:

- Agency Functions and Planning Program
- Interagency Agreement
- Average Number of Employees
- Service Efforts and Accomplishments

The auditors' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the auditors have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2004 and 2003 Supplementary Information for State Compliance Purposes, except for information on the Service Efforts and Accomplishments on which they did not perform any procedures. However, the auditors do not express an opinion on the supplementary information.

STATE OF ILLINOIS
 JOINT COMMITTEE ON ADMINISTRATIVE RULES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For The Fiscal Year Ended June 30, 2004

P.A. 93-0091	Appropriations		Lapse Period	Total	
FISCAL YEAR 2004	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Fund Name - General Revenue 001					
Personal Services	\$ 776,000	\$ 728,474	\$ 0	\$ 728,474	\$ 47,526
Employee Retirement					
Contributions Paid by Employer	30,000	29,153	0	29,153	847
State Contribution to State					
Employees' Retirement System	90,000	67,651	0	67,651	22,349
State Contributions to Social Security	55,000	54,157	0	54,157	843
Contractual Services	35,000	19,881	9,993	29,874	5,126
Travel	16,000	12,131	467	12,598	3,402
Commodities	11,000	7,498	1,262	8,760	2,240
Equipment	19,000	6,521	1,122	7,643	11,357
Telecommunications	10,000	6,082	563	6,645	3,355
	<u>1,042,000</u>	<u>931,548</u>	<u>13,407</u>	<u>944,955</u>	<u>97,045</u>
Total Fiscal Year 2004	<u>\$ 1,042,000</u>	<u>\$ 931,548</u>	<u>\$ 13,407</u>	<u>\$ 944,955</u>	<u>\$ 97,045</u>

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

STATE OF ILLINOIS
 JOINT COMMITTEE ON ADMINISTRATIVE RULES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

For The Fiscal Year Ended June 30, 2003

P.A. 92-0538	Appropriations		Lapse Period	Total	
FISCAL YEAR 2003	(Net of Transfers)	Expenditures Through June 30	Expenditures July 1 to August 31	Expenditures 14 Months Ended August 31	Balances Lapsed August 31
Fund Name - General Revenue 001					
Personal Services	\$ 776,000	\$ 763,584	\$ 0	\$ 763,584	\$ 12,416
Employee Retirement					
Contributions Paid by Employer	30,000	29,863	0	29,863	137
State Contribution to State					
Employees' Retirement System	79,000	78,821	0	78,821	179
State Contributions to Social Security	57,000	56,562	0	56,562	438
Contractual Services	39,000	25,680	2,296	27,976	11,024
Travel	16,000	12,054	0	12,054	3,946
Commodities	17,000	9,244	5,409	14,653	2,347
Equipment	19,000	13,169	2,459	15,628	3,372
Telecommunications	9,000	6,791	606	7,397	1,603
	<u>9,000</u>	<u>6,791</u>	<u>606</u>	<u>7,397</u>	<u>1,603</u>
 Total Fiscal Year 2003	 <u>\$ 1,042,000</u>	 <u>\$ 995,768</u>	 <u>\$ 10,770</u>	 <u>\$ 1,006,538</u>	 <u>\$ 35,462</u>

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

STATE OF ILLINOIS
 JOINT COMMITTEE ON ADMINISTRATIVE RULES
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Years Ended June 30,

	Fiscal Year		
	2004	2003	2002
Fund Name - General Revenue 001	P.A. 93-0091	P.A. 92-0538	P.A. 92-0008
<hr/>			
Appropriations (Net of Transfers)	\$ 1,042,000	\$ 1,042,000	\$ 1,096,100
<hr/>			
<u>Expenditures</u>			
Personal Services	\$ 728,474	\$ 763,584	\$ 731,213
Employee Retirement			
Contributions Paid by Employer	29,153	29,863	29,253
State Contribution to State			
Employees' Retirement System	67,651	78,821	73,428
State Contributions to Social Security	54,157	56,562	54,194
Contractual Services	29,874	27,976	25,873
Travel	12,598	12,054	11,327
Commodities	8,760	14,653	10,879
Equipment	7,643	15,628	11,550
Telecommunications	6,645	7,397	7,560
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 944,955	\$ 1,006,538	\$ 955,277
	<hr/>	<hr/>	<hr/>
Lapsed Balances	\$ 97,045	\$ 35,462	\$ 140,823
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Note: The Agency did not make any efficiency initiative payments during FY04.

STATE OF ILLINOIS
 JOINT COMMITTEE ON ADMINISTRATIVE RULES
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2004

	Equipment
Balance at July 1, 2002	\$ 145,005
Additions	8,535
Deletions	0
Net Transfers	0
Balance at June 30, 2003	\$ 153,540
Balance at July 1, 2003	\$ 153,540
Additions	0
Deletions	0
Net Transfers	(4,635)
Balance at June 30, 2004	\$ 148,905

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

STATE OF ILLINOIS
JOINT COMMITTEE ON ADMINISTRATIVE RULES
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Year Ended June 30,

<u>GENERAL REVENUE FUND - 001</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Copy Charges	\$ 16	\$ 66	\$ 20
Publication sales	38	59	0
US Postal Refund	0	0	2,563
Phone Call Reimbursement	0	0	46
	<hr/>	<hr/>	<hr/>
Total - Fund 001	54	125	2,629
	<hr/>	<hr/>	<hr/>
 <u>GENERAL ASSEMBLY COMPUTER</u>			
<u>EQUIPMENT - 155</u>			
Illinois Register and the Illinois Administrative Code	42,300	39,200	56,700
	<hr/>	<hr/>	<hr/>
Total - Fund 155	42,300	39,200	56,700
	<hr/>	<hr/>	<hr/>
Total All Funds	<u>\$ 42,354</u>	<u>\$ 39,325</u>	<u>\$ 59,329</u>

STATE OF ILLINOIS
 JOINT COMMITTEE ON ADMINISTRATIVE RULES
**RECONCILIATION SCHEDULE OF CASH RECEIPTS
 TO DEPOSITS REMITTED TO THE STATE COMPTROLLER**
 For the Fiscal Year Ended June 30,

<u>GENERAL REVENUE FUND - 001</u>	<u>2004</u>	<u>2003</u>
Receipts per Agency Records	\$ 54	\$ 125
Add: Deposits in Transit, Beginning of Year	9	0
Less: Deposits in Transit, End of Year	<u>0</u>	<u>(9)</u>
Deposits Recorded by the Comptroller	<u><u>\$ 63</u></u>	<u><u>\$ 116</u></u>
<u>GENERAL ASSEMBLY COMPUTER EQUIPMENT - 155</u>		
Receipts per Agency Records	\$ 42,300	\$ 39,200
Add: Deposits in Transit, Beginning of Year	0	2,400
Less: Deposits in Transit, End of Year	<u>0</u>	<u>0</u>
Deposits Recorded by the Comptroller	<u><u>\$ 42,300</u></u>	<u><u>\$ 41,600</u></u>

STATE OF ILLINOIS
JOINT COMMITTEE ON ADMINISTRATIVE RULES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2004

VARIATION BETWEEN FISCAL YEARS 2002 AND 2003

COMMODITIES

The increase in FY03 commodities expenditures was due to the purchase of thermabind covers, printer cartridges, transfer kit, and fuser kit for a printer during the fiscal year.

EQUIPMENT

The increase in FY03 equipment expenditures was due to the purchase of two laser jet printers during the fiscal year.

VARIATION BETWEEN FISCAL YEARS 2003 AND 2004

COMMODITIES

The decrease in FY04 commodities expenditures was due to increased costs in FY03 for the purchase of printer supplies. These costs were not recurring expenditures.

EQUIPMENT

The decrease in FY04 equipment expenditures was due to increased costs in FY03 for two laser jet printers and other computer equipment. These costs were not recurring expenditures.

STATE OF ILLINOIS
JOINT COMMITTEE ON ADMINISTRATIVE RULES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2004

General Revenue Fund - 001

The decrease in cash receipts between FY02 and FY03 was due to the conversion to a new postage meter. The balance from the old machine was refunded rather than being transferred to the new machine.

General Assembly Computer Equipment Fund - 155

The decrease in cash receipts between FY02 and FY03 was due to the cancellation by one of the vendors who was receiving updates of the Illinois Register.

STATE OF ILLINOIS
JOINT COMMITTEE ON ADMINISTRATIVE RULES
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2004

FISCAL YEAR 2003

Commodities

Office supplies, printer cartridges, transfer kit and fuser kit for a printer were received before the end of the fiscal year and billed during the lapse period.

FISCAL YEAR 2004

Contractual Services

New carpet and adhesive was ordered and received for the Agency's office prior to the lapse period, but billed during the lapse period.

STATE OF ILLINOIS
JOINT COMMITTEE ON ADMINISTRATIVE RULES
ANALYSIS OF OPERATIONS

AGENCY FUNCTIONS AND PLANNING PROGRAM

The Joint Committee on Administrative Rules (JCAR) was established in 1977 as a permanent legislative service agency of the Illinois General Assembly. The basic function of JCAR, as described in the Illinois Administrative Procedure Act (Act) (5 ILCS 100/5-5 et seq.), is the promotion of adequate and proper rules. In addition, the Agency is responsible for monitoring and investigating agencies' compliance with the provisions of the Act; making periodic investigations of the rulemaking activities of all agencies; and evaluating and reporting on all rules in terms of their propriety, legal adequacy, relation to statutory authorization, economic and budgetary effects, and public policy.

Committee Members

The Committee is comprised of six senators and six representatives. The Committee convenes monthly in Chicago unless the General Assembly is in session. If the General Assembly is in session, the Committee convenes in Springfield.

The Committee members as of June 30, 2004, were as follows:

Senator Maggie Crotty	Co-Chairperson
Representative Brent Hassert	Co-Chairperson

Senator J. Bradley Burzynski
Senator Barack Obama
Senator Steve Rauschenberger
Senator Dan Rutherford
Senator Ira Silverstein
Representative Tom Holbrook
Representative David R. Leitch
Representative Larry McKeon
Representative David Miller
Representative Rosemary Mulligan

Planning Program

Operating programs of JCAR are specified by the Illinois Administrative Procedure Act (5 ILCS 100/5-5 et seq.).

JCAR's short-term goals continue to be centered upon reviewing every rulemaking that goes to 2nd Notice in a thorough and timely manner so that JCAR members have accurate information on which to base their rulemaking decisions at JCAR's monthly meetings. In addition, the following goals must be met:

STATE OF ILLINOIS
JOINT COMMITTEE ON ADMINISTRATIVE RULES
ANALYSIS OF OPERATIONS

Planning Program (continued)

- Provide agencies with accurate Code and Register versions of their rulemakings that may be filed with the Secretary of State for adoption and publication following consideration at a JCAR meeting;
- Prepare the *Illinois Register* for publication each week;
- Maintain the *Illinois Administrative Code* on the Legislative Information System database and update it weekly to reflect newly adopted rulemakings;
- Make the most recent issue of the *Illinois Register* available on the internet by the end of the 92nd General Assembly (January 2003);
- Make the *Illinois Administrative Code* available on the internet by the end of the 92nd General Assembly (January 2003);
- Write and publish the *Flinn Report*, JCAR's weekly newsletter, to educate and inform the public concerning proposed and adopted rulemakings and the rulemaking process; and,
- Investigate in a timely manner any complaints concerning agency rulemaking that are brought to JCAR's attention.

JCAR's long-term goal is to resume 5-year review of agency rules, which has not been done since 1983. In view of the present lack of adequate staff to conduct such comprehensive reviews and the State's current fiscal crisis, resumption of 5-year reviews is not possible at this time. However, JCAR will continue to explore the feasibility of such reviews if more budget dollars become available to hire and train additional staff in the future. Additional long-term goals include:

- Increasing the number of State agencies that voluntarily use JCAR-generated Register and Code materials for filing adopted rulemaking text with the Secretary of State;
- Working with the Legislative Information System to refine the programs used to create and maintain the *Illinois Register* and *Illinois Administrative Code* on the internet; and,
- Working with the Secretary of State Code Division within the Index Department to ensure the accuracy of the file books of adopted rules maintained by both JCAR and SOS.

STATE OF ILLINOIS
JOINT COMMITTEE ON ADMINISTRATIVE RULES
ANALYSIS OF OPERATIONS

At the end of each fiscal year, the goals and plans, and the preceding year's progress toward achieving those goals and plans, are reviewed and critiqued via the budgeting process.

Auditor's Assessment of Planning Program

Based on our review of the JCAR's planning program and interviews with the personnel, the planning program in place appears to be adequately formalized to measure the Agency's ability to meet its goals and fulfill its duties.

INTERAGENCY AGREEMENT

JCAR entered into an interagency agreement with the Legislative Information System (LIS) in March of 1994. The agreement outlined and defined the shared statutory responsibilities between LIS and JCAR for the maintenance of the electronically stored database of the Illinois Register and Illinois Administrative Code as defined in the Illinois Administrative Procedure Act (5 ILCS 100/5-80 and 135) and the Legislative Information System Act (25 ILCS 145/5.08). Effective January 26, 1994, PA 88-535 expanded access of the database to the public in general, and particularly print and electronic publishers, for the purpose of a more thorough dissemination. The interagency agreement charged JCAR with the responsibility to enter into agreements for responding to requests from the public for electronically stored copies of the database materials and assessing related fees.

Our audit procedures included tests to determine whether: 1) JCAR complied with the provisions set forth in the interagency agreement; 2) JCAR complied with the provisions set forth in the Administrative Code as it relates to the database; 3) revenues collected were in accordance with applicable laws and regulations; and 4) receipts were for the correct amount. JCAR complied with the Interagency Agreement and Illinois Administrative Code.

STATE OF ILLINOIS
JOINT COMMITTEE ON ADMINISTRATIVE RULES
ANALYSIS OF OPERATIONS

AVERAGE NUMBER OF EMPLOYEES

The following information was prepared from the Agency's records and represents the average number of employees for the Fiscal Years ended June 30,

	<u>FY04</u>	<u>FY03</u>	<u>FY02</u>
Executive Director	1	1	1
Deputy Director	1	1	1
Rules Manager	1	1	1
Administrative Assistant	1	1	1
Staff Attorney	2	2	2
Rules Analyst	5	5	5
Administrative Staff	1	1	1
Word Processing Operator	2	2	2
Administrative Code Input Manager	1	1	1
Office Manager	1	1	1
Data Input Operator	<u>3</u>	<u>4</u>	<u>4</u>
Agency Total	<u>19</u>	<u>20</u>	<u>20</u>

SERVICE EFFORTS AND ACCOMPLISHMENTS

<u>Rulemaking Processes</u>	2004* (as of 7/26/04)	<u>2003*</u>	<u>2002*</u>
Rules Received	285	509	618
Rules Reviewed	280	483	595
Recommendations Made	18	11	17
Objections	9	8	16
Suspensions	1	3	0
Prohibitions	2	0	1
No Objections	250	461	561

* All amounts are reported on a calendar year basis.