

**STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2011

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2011

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AGENCY OFFICIALS

LEGISLATIVE AUDIT COMMISSION

Director

Ms. E. Jane Stricklin

Fiscal Officer

Ms. Mary Dunne

Agency offices are located at:

622 Stratton Building
Springfield, IL 62706



Legislative Audit Commission

622 WILLIAM G. STRATTON BUILDING • SPRINGFIELD, ILLINOIS 62706 • 217/782-7097 • FAX 217/524-9030

February 10, 2012

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

Dear Mr. Holland:

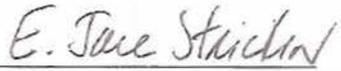
We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois Legislative Audit Commission (Commission). We are responsible for and we have established and maintained 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, 2011. Based on this evaluation, we assert that during the years ended June 30, 2011 and June 30, 2010, the Commission has materially complied with the assertions below.

- 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

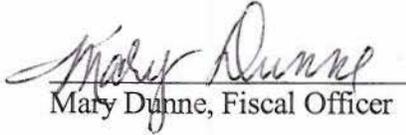
accordance with law.

Yours very truly,

Legislative Audit Commission



E. Jane Stricklin, Executive Director



Mary Dunne, Fiscal Officer

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.

ACCOUNTANTS' REPORTS

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

SUMMARY OF FINDINGS

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

SCHEDULE OF FINDINGS

The Legislative Audit Commission did not have any current year or prior year findings.

EXIT CONFERENCE

The Legislative Audit Commission waived an exit conference in correspondence dated January 20, 2012.

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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

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

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Legislative Audit 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, 2011. 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.

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the 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, 2011.

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 as a basis for designing our examination procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A deficiency in an entity's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

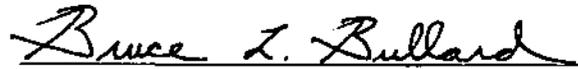
Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary

information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2011 and 2010 Supplementary Information for State Compliance Purposes, except for 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 2009 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, agency management, and is not intended to be and should not be used by anyone other than these specified parties.



Bruce L. Bullard, CPA

Director of Financial and Compliance Audits

February 10, 2012

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 and 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
- Average Number of Employees
- Service Efforts and Accomplishments (Not Examined)

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

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 Appropriations for Fiscal Year 2011

Fourteen Months Ended August 31, 2011

P.A. 96-0956	Appropriations (Net of Transfers)	Expenditures Through 6/30/11	Approximate Lapse Period Expenditures 7/01 - 8/31/11	Approximate Expenditures 14 Months Ended 8/31/2011	Approximate Balances Lapsed 8/31/2011
	\$ 233,500	\$ 218,504	\$ 6,272	\$ 224,776	\$ 8,724
General Revenue Fund (001)	\$ 233,500	\$ 218,504	\$ 6,272	\$ 224,776	\$ 8,724
Operational Expenses					
GRAND TOTAL	\$ 233,500	\$ 218,504	\$ 6,272	\$ 224,776	\$ 8,724

Note 1: All data contained above is obtained from the Commission Records which have been reconciled to the records of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

Note 3: Approximate lapse period expenditures do not include interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 Appropriations for Fiscal Year 2010

Fourteen Months Ended August 31, 2010

P.A. 96-0042	Appropriations (Net of Transfers)	Expenditures Through 6/30/10	Lapse Period Expenditures 7/01 - 8/31/10	Expenditures 14 Months Ended 8/31/2010	Balances Lapsed 8/31/2010
General Revenue Fund (001)					
Personal Services - Non Bargaining Unit State Contributions to Social Security for Non-Bargaining Unit Employees Operational Expenses & Professional & Artistic Services	\$ 180,100	\$ 178,695	\$ -	\$ 178,695	\$ 1,405
	13,800	13,473	-	13,473	327
	39,600	32,579	1,167	33,746	5,854
GRAND TOTAL	\$ 233,500	\$ 224,747	\$ 1,167	\$ 225,914	\$ 7,586

Note 1: All data contained above is obtained from the Commission Records which have been reconciled to the records of the State Comptroller.
 Note 2: Expenditure amounts are vouchers approved for payment by the Agency and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES

	FISCAL YEAR		
	2011	2010	2009
	P.A. 96-0956	P.A. 96-0042	P.A.95-0731
<u>General Revenue Fund - 001</u>			
Appropriations (net of transfers)	\$ 233,500	\$ 233,500	\$ 272,223
<u>Expenditures</u>			
Personal Services	-	-	184,305
Personal Services - Non Bargaining Unit	-	178,695	-
Employee Retirement Contributions			
Paid by Employer	-	-	7,384
State Contribution to State			
Employees' Retirement System	-	-	38,857
State Contributions to Social Security	-	-	13,928
State Contributions to Social Security for Non-Bargaining Unit Employees	-	13,473	-
Contractual Services	-	-	3,105
Travel	-	-	3,158
Commodities	-	-	417
Printing	-	-	464
Equipment	-	-	189
Electronic Data Processing	-	-	405
Telecommunications	-	-	1,225
Operational Expenses & Professional & Artistic Services	224,776	33,746	-
Total Expenditures	<u>\$ 224,776</u>	<u>\$ 225,914</u>	<u>\$ 253,437</u>
<u>Lapsed Balances</u>	<u>\$ 8,724</u>	<u>\$ 7,586</u>	<u>\$ 18,786</u>

Note 1: For Fiscal Year 10, the expenditure amounts are final and include interest payments made after August.

Note 2: For Fiscal Year 11, the expenditures and related lapse balances do not reflect any interest payments approved by the Agency and submitted to the Comptroller for payment after August.

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2011

	Equipment
Balance at July 1, 2009	\$ 36,226
Additions	189
Deletions	0
Net Transfers	(686)
Balance at June 30, 2010	\$ 35,729
Balance at July 1, 2010	\$ 35,729
Additions	0
Deletions	0
Net Transfers	0
Balance at June 30, 2011	\$ 35,729

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

STATE OF ILLINOIS
 LEGISLATIVE AUDIT COMMISSION
COMPARATIVE SCHEDULE OF CASH RECEIPTS AND RECONCILIATION
SCHEDULE OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE STATE
COMPTROLLER
 For the Fiscal Years Ended June 30,

General Revenue Fund - 001

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Prior year refunds received	\$ 0	\$ 185	\$ 0
Jury duty reimbursement and recoveries	<u>0</u>	<u>16</u>	<u>0</u>
Total Receipts	<u>\$ 0</u>	<u>\$ 201</u>	<u>\$ 0</u>
Deposits Ordered Into State Treasury (per State Comptroller)	<u>\$ 0</u>	<u>\$ 201</u>	<u>\$ 0</u>

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2011

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2010 AND 2011

General Revenue Fund (001)

In Fiscal Year 2011, the appropriation process was changed for operating expenses that were paid from the General Revenue Fund (GRF). All operating expenses, including Personal Services and State Contributions to Social Security, were paid from a single lump sum appropriation received for that purpose.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2009 AND 2010

General Revenue Fund (001)

In Fiscal Year 2010, the appropriation process was changed for operating expenses that were paid from the GRF. While the Commission received and utilized separately designated appropriations for Personal Services and for State Contribution to Social Security, all other operating expenditures were paid from a single lump sum appropriation received for that purpose.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2011

The Commission receives minimal receipts. During Fiscal Year 2010, the Commission received one receipt for jury duty reimbursement and one refund for an overpayment. During Fiscal Year 2011, the Commission did not receive any receipts.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2011

There was no significant lapse period spending noted during Fiscal Years 2010 or 2011.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2011

AGENCY FUNCTIONS

The Legislative Audit Commission (Commission) was created as a legislative support services agency subject to the Legislative Commission Reorganization Act of 1984 (25 ILCS 150). The Commission's primary duty is to review reports received from the Auditor General and take action thereon and make recommendations to the General Assembly. The Commission is also to determine what remedial measures, if any, are needed and whether special studies and investigations are necessary and if deemed necessary direct the Auditor General to undertake such studies or investigations. The Commission is to report its activities to the General Assembly not less than annually and not later than March 1 each year.

The Commission is composed of 12 members and the membership is equally divided between the House of Representatives and the Senate and the two primary political parties. For all of Fiscal Years 2010 and 2011, Representative Frank Mautino and Senator Chris Lauzen were the Commission Co-chairs.

The Legislative Audit Commission is mandated to be governed by a bipartisan Board of twelve members of the General Assembly. The appointed Commission members as of June 30, 2011 were as follows:

SENATE MEMBERS

Bill Brady
Dan Duffy
Dan Kotowski
Chris Lauzen
Iris Martinez
John Mulroe

HOUSE MEMBERS

Rich Brauer
Linda Chapa LaVia
Sidney Mathias
Frank Mautino
Sandra Pihos
Bob Rita

The Joint Committee on Legislative Support Services provides the foundation for the Commission's goals. The Commission supplements these goals by establishing policy and direction for the staff which are documented in the minutes of the Commission meetings.

During Fiscal Years 2010 and 2011, Commission planning emphasized the following:

- A. Timely review of audits and examinations.
- B. Support and enactment of legislation.
- C. Action to eliminate repetition of prior findings from audits of State agencies.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2011

- D. Review of emergency purchases.
- E. Resolutions requesting additional audits to be performed by the Office of the Auditor General.
- F. Maintenance of a web site that includes all Commission meeting information, reviews and forms.

E. Jane Stricklin, Executive Director, serves at the direction of the Legislative Audit Commission and operates the Agency with a staff of two, guided by the Operating Rules for Legislative Support Service Agencies.

The Commission's daily operations are funded from the General Revenue Fund.

PLANNING PROGRAM

The Commission's objectives are defined by statute and their main activity is to review reports received from the Auditor General and take action thereon and make recommendations to the General Assembly. Their statutory duties necessarily serve as the Commission's goals and are the framework of their planning function.

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
AVERAGE NUMBER OF EMPLOYEES
For the Two Years Ended June 30, 2011

The following table, prepared from Commission records, presents the average number of employees, by function, for the Fiscal Years ended June 30,

<u>Division</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Administrative	<u>3</u>	<u>3</u>	<u>3</u>
Total average full-time employees	<u><u>3</u></u>	<u><u>3</u></u>	<u><u>3</u></u>

STATE OF ILLINOIS
LEGISLATIVE AUDIT COMMISSION
SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)
For the Two Years Ended June 30, 2011

The Legislative Audit Commission is mandated by law (25 ILCS 150/0.01-6) to review all audits conducted by the State Auditor General. The primary responsibilities of the Commission are to:

- Conduct public hearings on all major audits of State agencies to review problems, assess agency stewardship, and secure remedial action.
- Initiate and review management and program audits and investigations.
- Make recommendations to the General Assembly and agency management for corrective legislative and other measures to remedy weaknesses disclosed through audits or at Commission meetings.
- Monitor agency progress in implementing corrective action.

The Commission reviewed and took action on 216 financial and compliance reports, 4 management/program audits, and one performance audit during Fiscal Year 2010. The Commission held 9 meetings during Fiscal Year 2010. The Commission reviewed and took action on 182 financial and compliance reports and 2 management/program audits during Fiscal Year 2011. The Commission held 5 meetings during Fiscal Year 2011. The Commission adopted 1 resolution during Fiscal Year 2010 and 3 resolutions during Fiscal Year 2011.