

**STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR**

**COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2017**

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

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2017

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STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2017

AGENCY OFFICIALS

Lieutenant Governor

Ms. Evelyn Sanguinetti

Chief of Staff

Mr. Brian Colgan

General Counsel

(07/28/17 – Present)

(Through 07/28/17)

Vacant

Ms. Ennedy Rivera

Lieutenant Governor's Offices are located at:

James R. Thompson Center  
100 West Randolph Street, Suite 15-200  
Chicago, Illinois 60601

214 State House  
Springfield, Illinois 62706



**EVELYN SANGUINETTI**

LIEUTENANT GOVERNOR  
STATE OF ILLINOIS

MANAGEMENT ASSERTION LETTER

Kyle E. McGinnis, CPA  
200 East Pine Street  
Springfield, Illinois 62704

June 7, 2018

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 Office of the Lieutenant Governor. 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 Office of the Lieutenant Governor's compliance with the following assertions during the two-year period ended June 30, 2017. Based on this evaluation, we assert that during the years ended June 30, 2016 and June 30, 2017, the Office of the Lieutenant Governor has materially complied with the assertions below.

- A. The Office of the Lieutenant Governor 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 Office of the Lieutenant Governor 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 Office of the Lieutenant Governor has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Yours truly,  
State of Illinois  
Office of the Lieutenant Governor

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
Evelyn Sanguinetti, Lieutenant Governor

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
Brian Colgan, Chief of Staff

**SIGNED ORIGINAL ON FILE**

\_\_\_\_\_  
Jessica Allen, Fiscal Officer

214 State House  
Springfield, Illinois 62706  
Phone: 217.558.3085  
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STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

**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**

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	1	3
Repeated findings	1	1
Prior recommendations implemented or not repeated	2	1

**SCHEDULE OF FINDINGS**

<u>Item</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2017-001	9	Untimely filing of reports	Significant Deficiency and Noncompliance

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

**COMPLIANCE REPORT**

**SUMMARY**

PRIOR FINDINGS NOT REPEATED

A	10	Inadequate controls over voucher processing
B	10	Inadequate control over State Property and Related Reporting

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Agency personnel at an exit conference on May 21, 2018.

Attending were:

Brian Colgan, Agency Chief of Staff;  
Jessica Allen, Fiscal Officer;  
Peggy Hartson, Office of the Auditor General Audit Manager;  
Kyle E. McGinnis, Kyle E. McGinnis, CPA Principal; and  
Shelley Potter, Kyle E. McGinnis, CPA Audit Manager.

The responses to the recommendations were provided by Jessica Allen in correspondence dated May 29, 2018.

**KYLE E. McGINNIS**

Certified Public Accountant

**MEMBER OF:**

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**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS**

**200 EAST PINE STREET \* SPRINGFIELD, ILLINOIS 62704**

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**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 Office of the Lieutenant Governor’s compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2017. The management of the Office of the Lieutenant Governor is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Office of the Lieutenant Governor’s compliance based on our examination.

- A. The Office of the Lieutenant Governor 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 Office of the Lieutenant Governor 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 Office of the Lieutenant Governor has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

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 (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and

perform the examination to obtain reasonable assurance about whether the Office of the Lieutenant Governor complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the Office of the Lieutenant Governor complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Office of the Lieutenant Governor's compliance with specified requirements.

In our opinion, the Office of the Lieutenant Governor complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2017. However, the results of our procedures disclosed an instance of noncompliance with the requirements, which is required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which is described in the accompanying schedule of findings as item 2017-001.

The Office of the Lieutenant Governor's response to the finding identified in our examination is described in the accompanying schedule of findings. The Office of the Lieutenant Governor's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

### **Internal Control**

Management of the Office of the Lieutenant Governor 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 Office of the Lieutenant Governor'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 Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the Office of the Lieutenant Governor's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Office of the Lieutenant Governor'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 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 item 2017-001 that we considered to be a significant deficiency.

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

The Office of Lieutenant Governor's response to the internal control finding identified in our examination is described in the accompanying schedule of findings. The Office of Lieutenant Governor's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

### **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, 2017 and June 30, 2016 in Schedules 1 – 5 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, 2017 and the June 30, 2016 accompanying supplementary information in Schedules 1 – 5. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2015 accompanying supplementary information in Schedules 3, 4, and 5 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.

**SIGNED ORIGINAL ON FILE**

Kyle E. McGinnis, CPA  
Springfield, Illinois

June 7, 2018

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
FINDINGS (STATE COMPLIANCE)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

**CURRENT FINDINGS – STATE COMPLIANCE**

**2017-001. FINDING** (Untimely Filing of Reports)

The Office of the Lieutenant Governor (Office) did not file statutorily required reports as required.

During testing we noted the following:

- Three of four (75%) Travel Headquarter Reports (TA-2) were submitted from seven to 87 days late during the examination period. The State Finance Act (Act) (30 ILCS 105/12-3) requires the Office to file Travel Headquarter Reports with the Legislative Audit Commission for all individuals whose official headquarters are located other than where their official duties require them to spend the largest part of their working time. The reports are required to be filed no later than July 15 for the period from January 1 through June 30 of that year and no later than January 15 for the period July 1 through December 31 of the preceding year.
- The Office did not file its Fiscal Year 2016 Fiscal Control and Internal Auditing Act (FCIAA) Report with the Office of the Auditor General. The FCIAA Act (30 ILCS 10/3003) requires the Office to conduct an evaluation of its system of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1 of each year.
- The Office’s Travel Control Board did not submit reports of travel reimbursement claims to the Legislative Audit Commission (Commission) during the examination period. The State Finance Act (30 ILCS 105/12-1(e)) requires each travel control board to submit a report of the travel reimbursement claims reviewed to the Legislative Audit Commission at least once each quarter.

Office officials stated the deficiencies were due to staff oversight and office vacancies.

Failure to file timely TA-2 Reports and reports of travel reimbursement claims decreases the effectiveness of oversight controls and results in noncompliance with the State Finance Act. Further, timely evaluations of internal controls are necessary to determine whether existing controls are adequate to prevent or detect the occurrence of potential risks in a cost effective manner. (Finding Code No. 2017-001, 2015-002)

**RECOMMENDATION**

We recommend the Office ensure it prepares and timely submits all statutorily required reports.

**OFFICE RESPONSE**

The Office of the Lieutenant Governor accepts this finding and agrees with the recommendation. The Office takes seriously its reporting obligations. In order to ensure that all reports are timely filed, the Office has restructured staff and reassigned certain duties to ensure reports are filed on time.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
PRIOR FINDINGS NOT REPEATED (STATE COMPLIANCE)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

**PRIOR FINDINGS NOT REPEATED**

A. **FINDING** (Inadequate controls over voucher processing)

During the prior examination period, the Office of the Lieutenant Governor (Office) did not exercise adequate control over voucher processing. Invoices were not properly date stamped, vouchers were not coded with the proper detail object code, and a voucher was approved late.

During the current examination period, we noted fewer exceptions related to voucher processing; therefore, this issue was reported in the Office's *Report of Immaterial Findings*. (Finding Code No. 2015-001, 2013-001, 11-2)

B. **FINDING** (Inadequate control over State property and related reporting)

During the prior examination period, the Office did not maintain adequate controls over State property and related reporting. The auditors identified unused equipment items that had not been transferred to the Department of Central Management Services (DCMS) as required.

During the current examination period, our sample testing indicated the Office transferred unused property to DCMS as required. (Finding Code No. 2015-003)

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2017

**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 Operations (Not examined):
  - Agency Functions and Planning Program (Not examined)
  - Analysis of Significant Variations in Expenditures (Not examined)
  - Analysis of Significant Variations in Receipts (Not examined)
  - Analysis of Significant Lapse Period Spending (Not examined)
  - Budget Impasse Disclosures (Not examined)
  - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not examined)
  - Interest Costs on Fiscal Year 2016 and 2017 Invoices (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, 2017 and June 30, 2016 in Schedules 1 through 5. 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.

STATE OF ILLINOIS  
 OFFICE OF THE LIEUTENANT GOVERNOR  
 COMPLIANCE EXAMINATION  
 SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
 Expenditure Authority for Fiscal Year 2017  
 For the Fifteen Months Ended September 30, 2017

Public Act 99-0524, Public Act 100-021 and Court Ordered Expenditures Fiscal Year 2017	Expenditure Authority (Net of Transfers)	Expenditures Through 6/30/17	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Lump Sums - Operational Expenses		\$ 972,540	\$ 7,284	\$ 979,824	
Ordinary and Contingent Expenses	100,000	94,458	5,537	99,995	5
Total, Fund 001	<u>\$ 100,000</u>	<u>\$ 1,066,998</u>	<u>\$ 12,821</u>	<u>\$ 1,079,819</u>	<u>\$ -</u>
<u>AGRICULTURAL PREMIUM FUND - 045</u>					
Lump Sums - Ordinary and Contingent Expenses of the Rural Affairs Council	\$ 47,500	\$ 10,306	\$ 35,343	\$ 45,649	\$ 1,851
Total, Fund 045	<u>\$ 47,500</u>	<u>\$ 10,306</u>	<u>\$ 35,343</u>	<u>\$ 45,649</u>	<u>\$ 1,851</u>
<u>BUDGET STABILIZATION FUND - 686</u>					
Ordinary and Contingent Expenses-No Personal Services	\$ 50,000	\$ 44,527	\$ 5,348	\$ 49,875	\$ 125
Total, Fund 686	<u>\$ 50,000</u>	<u>\$ 44,527</u>	<u>\$ 5,348</u>	<u>\$ 49,875</u>	<u>\$ 125</u>
<b>TOTAL - ALL APPROPRIATED FUNDS</b>		<u><u>\$ 1,121,831</u></u>	<u><u>\$ 53,512</u></u>	<u><u>\$ 1,175,343</u></u>	

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to Office records.
- Note 2: Expenditure amounts are vouchers approved for payment by the Office and submitted to the State Comptroller for payment to the vendor.
- Note 3: The Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages (for all State employes) at their normal rates of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Office was able to submit vouchers to pay its employees in full from Fund 001 without a maximum expenditure limit for personal service costs during Fiscal Year 2017.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
COMPLIANCE EXAMINATION  
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Expenditure Authority for Fiscal Year 2017  
For the Fifteen Months Ended September 30, 2017

- Note 4: Public Act 99-524 authorized the Office to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 25 includes information from Office management about the number of invoices and the total dollar amount of invoices held by the Office submitted against its Fiscal Year 2017 appropriation.
- Note 5: During Fiscal Year 2017, the Office operated without enacted appropriations until Public Act 100-0021 was approved on July 6, 2017. During the impasse, the Office incurred non-payroll obligations within Fund 001 and Fund 045, which the Office was unable to pay until the passage of Public Act 100-021.
- Note 6: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Office to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 25 includes information from Office management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Office to be submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

STATE OF ILLINOIS  
 OFFICE OF THE LIEUTENANT GOVERNOR  
 COMPLIANCE EXAMINATION  
 SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
 Expenditure Authority for Fiscal Year 2016  
 For the Fifteen Months Ended September 30, 2016

Public Act 99-0524 and Court-Ordered Expenditures	Expenditure Authority (Net of Transfers)	Expenditures Through 6/30/16	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Lump Sums - Operational Expenses		\$ 1,098,618	\$ 1,453	\$ 1,100,071	
Total, Fund 001		<u>\$ 1,098,618</u>	<u>\$ 1,453</u>	<u>\$ 1,100,071</u>	
<u>AGRICULTURAL PREMIUM FUND - 045</u>					
Lump Sums - Ordinary and Contingent Expenses of the Rural Affairs Council	\$ 47,500	\$ 5,831	\$ 41,598	\$ 47,429	\$ 71
Total, Fund 045	<u>\$ 47,500</u>	<u>\$ 5,831</u>	<u>\$ 41,598</u>	<u>\$ 47,429</u>	<u>\$ 71</u>
<b>TOTAL - ALL APPROPRIATED FUNDS</b>		<u>\$ 1,104,449</u>	<u>\$ 43,051</u>	<u>\$ 1,147,500</u>	

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2016, and have been reconciled to Office records.
- Note 2: Expenditure amounts are vouchers approved for payment by the Office and submitted to the State Comptroller for payment to the vendor.
- Note 3: The Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As the Office never received enacted personal services appropriations for Fund 001, the Office was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during Fiscal Year 2016.
- Note 4: During Fiscal Year 2016, the Office operated without an enacted appropriation until Public Act 99-0524 was signed into law on June 30, 2016. During impasse, the Circuit Court of St. Clair County in AFSCME Council 31 v. Munger (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the Office's court-ordered payroll payments were merged into the enacted appropriation for Funds 001. Further, the Office incurred non-payroll obligations, which the Office was unable to pay until the passage of Public Act 99-0524.
- Note 5: Public Act 99-0524 authorized the Office to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 25 includes information from Office management about the number of invoices and the total dollar amount of invoices held by the Office submitted against its Fiscal Year 2017 appropriation.



STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2017, 2016 and 2015

	Fiscal Year		
	2017	2016	2015
	P.A. 99-0524, P.A. 100-021 and Court-Ordered Expenditures	PA 99-0524 and Court-Ordered Expenditures	P.A. 98-0679
<b>GENERAL REVENUE FUND - 001</b>			
Appropriations (Net After Transfers)			\$ 1,396,000
<u>Expenditures</u>			
Lump Sums - Operational Expenses	\$ 979,824	\$ 1,100,071	\$ 1,195,227
Ordinary and Contingent Expenditures	99,995	-	-
Total Expenditures	<u>\$ 1,079,819</u>	<u>\$ 1,100,071</u>	<u>\$ 1,195,227</u>
Lapsed Balances			<u>\$ 200,773</u>
<b>AGRICULTURAL PREMIUM FUND - 045</b>			
Appropriations (Net After Transfers)	\$ 47,500	\$ 47,500	\$ 47,500
<u>Expenditures</u>			
Ordinary and Contingent Expenses of the Rural Affairs Council	\$ 45,649	\$ 47,429	\$ 11,359
Total Expenditures	<u>\$ 45,649</u>	<u>\$ 47,429</u>	<u>\$ 11,359</u>
Lapsed Balances	<u>\$ 1,851</u>	<u>\$ 71</u>	<u>\$ 36,141</u>

STATE OF ILLINOIS  
 OFFICE OF THE LIEUTENANT GOVERNOR  
 COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
 EXPENDITURES, AND LAPSED BALANCES  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2017, 2016 and 2015

	Fiscal Year		
	2017	2016	2015
	P.A. 99-0524, P.A. 100-021 and Court-Ordered Expenditures	P.A. 99-0524 and Court-Ordered Expenditures	PA 98-0679
<u>BUDGET STABILIZATION FUND - 686</u>			
Appropriations (Net After Transfers)	\$ 50,000	\$ -	\$ -
<u>Expenditures</u>			
Ordinary and Contingent Expenses	49,875	-	-
Total Expenditures	\$ 49,875	\$ -	\$ -
Lapsed Balances	\$ 125	\$ -	\$ -
<u>TOTAL - ALL APPROPRIATED FUNDS</u>			
Appropriations (Net of Transfers)			\$ 1,443,500
Total Expenditures	\$ 1,175,343	\$ 1,147,500	\$ 1,206,586
Lapsed Balances			\$ 236,914
<u>GRAND TOTAL, ALL FUNDS</u>			
Total Expenditures	\$ 1,175,343	\$ 1,147,500	\$ 1,206,586

STATE OF ILLINOIS  
 OFFICE OF THE LIEUTENANT GOVERNOR  
 COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2017, 2016 and 2015

Note: The comparative schedule of net appropriations, expenditures and lapsed balances does not include the State Officers' salaries paid by the Office of the Comptroller. For the years ended June 30, 2017, 2016, and 2015, State Officers' salaries were as follows:

	Fiscal Year		
	2017	2016	2015
<u>GENERAL REVENUE FUND - 001</u>			
Appropriations (Net of Transfers)	\$ 135,700	\$ 135,700	\$ 135,700
Lieutenant Governor's Salary	135,669	135,669	136,257
Total Expenditures	135,669	135,669	136,257
Lapsed Balances	\$ 31	\$ 31	\$ (557)

STATE OF ILLINOIS  
 OFFICE OF THE LIEUTENANT GOVERNOR  
 SCHEDULE OF CHANGES IN STATE PROPERTY  
 FOR THE TWO YEARS ENDED JUNE 30, 2017

	State Property
Balance at July 1, 2015	\$ 141,043
Additions	-
Deletions	-
Net Transfers	-
Adjustments	-
	-
Balance at June 30, 2016	\$ 141,043
Balance at July 1, 2016	\$ 141,043
Additions	-
Deletions	(44,130)
Net Transfers	(34,095)
Adjustments	-
	-
Balance at June 30, 2017	\$ 62,818

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  
 OFFICE OF THE LIEUTENANT GOVERNOR  
 COMPARATIVE SCHEDULE OF CASH RECEIPTS AND  
 RECONCILIATION OF CASH RECEIPTS TO DEPOSITS REMITTED TO THE COMPTROLLER  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2017, 2016 and 2015.

	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Revenue Fund - 001			
Miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,258</u>
Total Cash Receipts per State Comptrollers Records	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,258</u></u>
Cash Receipts per Agency records	\$ -	\$ -	\$ 1,258
Less-in Transit at End of Year	-	-	-
Plus-in Transit at Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash Receipts per State Comptrollers Records	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,258</u></u>

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
ANALYSIS OF OPERATIONS (NOT EXAMINED)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED)

**FUNCTIONS**

The Office of Lieutenant Governor is an elected position for a four-year term (10 ILCS 5/2A-5). Evelyn Sanguinetti was elected Lieutenant Governor and was sworn into office January 12, 2015.

The Lieutenant Governor is the second highest executive office in Illinois and first in line for the governorship. Under the Illinois Constitution, the Lieutenant Governor becomes the Acting Governor if the Governor is unable to discharge the duties of the office. Over the course of Illinois history, seven Lieutenant Governors have replaced Governors who died, resigned or were removed from office.

In addition to being prepared to lead the State, the Lieutenant Governor exercises the powers delegated to her by the Governor and that may be prescribed by law. This includes acting as the State's top advocate for rural communities, military families, and river conservation through her leadership of the Governor's Rural Affairs Council, the Interagency Military Base Support and Economic Development Committee and the Illinois River, Mississippi River, and Wabash and Ohio Rivers Coordinating Councils.

The Lieutenant Governor also is committed to education reform as chair of the Joint Educational Leadership Committee for the P-20 Council, serves as the ambassador to Illinois Main Street, a downtown revitalization program and is a Budgeting for Results commissioner, among other appointed roles.

**PLANNING PROGRAM**

The Office of the Lieutenant Governor's primary objective is to support government services, according to the State's Budgeting for Results Commission. The office applies that objective to its required duties and roles as highlighted below.

**Chair, Governor's Rural Affairs Council**

- Improve rural resources: Expand virtual legal clinics to underserved areas; raise funds for rural domestic violence and rape crisis shelters; recruit and train farmer's markets for food stamp acceptance; support local food expansion.
  
- Advocate for rural health: Sponsor the State's only Emergency Medical Services (EMS) Summit to identify challenges and solutions faced by rural health responders; support legislation to improve EMS care provided to rural patients; promote health research registry and annual check-ups for rural women.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
ANALYSIS OF OPERATIONS (NOT EXAMINED)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

AGENCY FUNCTIONS AND PLANNING PROGRAM (NOT EXAMINED) (Continued)

- Strengthen rural education: Launch State's 6<sup>th</sup>-12<sup>th</sup> grade math curriculum; expand criteria for school consolidation; sponsor higher education conference; publish superintendent survey, Game Changers reform report and Complete College Playbook; lobby for transparency and remediation reforms; advocate for funding reforms.

**Chair, Interagency Military Base Support and Economic Development Committee**

- Support defense communities: Conduct listening posts and online survey in communities with military installations; prepare Statewide economic impact study of active military bases; coordinate communication among agencies working to retain and recruit military and civilian jobs in Illinois.

**Chair, River Coordinating Councils**

- Promote river conservation: Coordinate agency communications on the ecological health of the Illinois, Ohio, Mississippi and Wabash rivers; release new Integrated Management Plan for the Illinois River Watershed; conduct research on Asian Carp elimination and mining impacts on adjacent waterways.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES (NOT EXAMINED)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

FISCAL YEAR 2017

GENERAL REVENUE FUND – 001

Ordinary and Contingent Expenses

In Fiscal Year 2016, the Office did not receive a separate appropriation for its ordinary and contingent expenses as it did during Fiscal Year 2017.

BUDGET STABILIZATION FUND – 686

Ordinary and Contingent Expenses

In Fiscal Year 2017, the Office received an appropriation for this new fund for expenses incurred due to the budget impasse.

FISCAL YEAR 2016

Ordinary and Contingent Expenses of the Rural Affairs Council

The increase was due to contractual payroll and expenses related to the Rural Affairs Conference.



STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS (NOT EXAMINED)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

There were no significant variations in receipts for the two years ended June 30, 2017.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING (NOT EXAMINED)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

FISCAL YEAR 2017

AGRICULTURAL PREMIUM FUND – 045

Lump Sums – Ordinary and Contingent Expenses of the Rural Affairs Council

During Fiscal Year 2017, the Office paid expenditures, including payments for professional fees, lease contracts, employee travel and telecommunications in the lapse period. Due to the budget impasse in Fiscal Year 2016, Fiscal Year 2017 funds were used to pay expenses for both fiscal years. The Office carefully monitored spending throughout the year and paid outstanding invoices during the lapse period.

FISCAL YEAR 2016

AGRICULTURAL PREMIUM FUND – 045

Lump Sums – Ordinary and Contingent Expenses of the Rural Affairs Council

During Fiscal Year 2016, the Office paid expenditures including payments for professional fees, lease contracts, and sponsorship fees for the Annual Rural Community Economic Development Conference in the lapse period. Due to the budget impasse in Fiscal Year 2016, invoices were not paid throughout the fiscal year.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
ANALYSIS OF OPERATIONS (NOT EXAMINED)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

BUDGET IMPASSE DISCLOSURES (NOT EXAMINED)

Payment of Prior Year Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Office to pay Fiscal Year 2016 costs using the Office’s Fiscal Year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Office to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Office’s Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The following chart shows the office’s plan to pay its prior costs using future appropriations:

		FISCAL YEAR 2016 INVOICES			
<u>Fund #</u>	<u>Fund Name</u>	Paid From Fiscal Year 2017 Appropriations		Expect Payment from Fiscal Year 2018 Appropriations	
		<u>Number</u>	<u>Dollar Value</u>	<u>Number</u>	<u>Dollar Value</u>
001	General Revenue Fund	82	\$ 58,214	-	\$ -
045	Agriculture Premium Fund	-	-	-	-
686	Budget Stabilization Fund	<u>186</u>	<u>49,875</u>	<u>-</u>	<u>-</u>
		<u>268</u>	<u>\$ 108,089</u>	<u>-</u>	<u>\$ -</u>

		FISCAL YEAR 2017 INVOICES			
<u>Fund #</u>	<u>Fund Name</u>	Paid From Fiscal Year 2017 Appropriations		Expect Payment from Fiscal Year 2018 Appropriations	
		<u>Number</u>	<u>Dollar Value</u>	<u>Number</u>	<u>Dollar Value</u>
001	General Revenue Fund	156	\$ 41,781	101	\$ 16,241
045	Agriculture Premium Fund	<u>41</u>	<u>45,649</u>	<u>-</u>	<u>-</u>
		<u>197</u>	<u>\$ 87,430</u>	<u>101</u>	<u>\$ 16,241</u>

In addition, the Office lacked sufficient expenditure authority, from either court-ordered expenditures or enacted appropriations, to cover its Fiscal Year 2017 costs with the General Revenue Fund (001). The Office, as of the end of the fieldwork, was holding 101 Fiscal Year 2017 invoices, totaling \$16,241.

Finally, the Office’s Fiscal Year 2016 personal service costs accounted for within the General Revenue Fund (001) were paid pursuant to court orders. The Office did not have any outstanding unpaid payroll invoices from Fiscal Year 2016 or Fiscal Year 2017 after the closure of the Fiscal Year 2016 Lapse Period on August 31, 2016 and the closure of the Fiscal Year 2017 Lapse Period on September 30, 2017, respectively.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
ANALYSIS OF OPERATIONS (NOT EXAMINED)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

BUDGET IMPASSE DISCLOSURES (NOT EXAMINED) (Continued)

Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors

Transactions Involving the Illinois Finance Authority

The Office and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016 and Fiscal Year 2017.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the Office’s vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2016 and Fiscal Year 2017.

Prompt Payment Interest Costs

The Office plans to calculate prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the date an enacted appropriation existed through the date the state Comptroller issues a warrant to the vendor, regardless of when a vendor submitted a proper bill to the Office during Fiscal Year 2016 and Fiscal year 2017. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90<sup>th</sup> day after a vendor submits an eligible proper bill to the Office. The following chart shows the Office’s prompt payment interest incurred related to Fiscal Year 2016 and Fiscal Year 2017 invoices, calculated on the accrual basis of accounting through June 30, 2016 and June 30, 2017, by fund:

PROMPT PAYMENT INTEREST INCURRED  
Year Ended June 30, 2016

<u>Fund #</u>	<u>Fund Name</u>	<u>Invoices</u>	<u>Vendors</u>	<u>Dollar Value</u>
001	General Revenue Fund	51	9	\$ 1,172
686	Budget Stabilization Fund	19	7	228
		<u>70</u>	<u>16</u>	<u>\$ 1,400</u>

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
ANALYSIS OF OPERATIONS (NOT EXAMINED)  
FOR THE TWO YEARS ENDED JUNE 30, 2017  
PROMPT PAYMENT INTEREST INCURRED  
Year Ended June 30, 2017

<u>Fund #</u>	<u>Fund Name</u>	<u>Invoices</u>	<u>Vendors</u>	<u>Dollar Value</u>
001	General Revenue Fund	93	29	\$ 1,706
686	Budget Stabilization Fund	<u>4</u>	<u>3</u>	<u>89</u>
		<u>97</u>	<u>32</u>	<u>\$ 1,795</u>

AVERAGE NUMBER OF EMPLOYEES (NOT EXAMINED)

The following table, prepared from the Office of the Lieutenant Governor’s records, presents the average number of employees by program, for the fiscal years ended June 30,

	<u>Fiscal Year</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Office	<u>15</u>	<u>19</u>	<u>17</u>
Total	<u>15</u>	<u>19</u>	<u>17</u>

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
ANALYSIS OF OPERATIONS (NOT EXAMINED)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)

The Lieutenant Governor heads the Governor's Rural Affairs Council (GRAC). The purpose of GRAC is to develop and implement coordinated strategies to improve the way government services are delivered to the residents of rural Illinois.

Telehealth: One of the biggest struggles that rural Illinois is facing today is lack of access to healthcare, particularly specialized medicine. Telehealth will improve access to care with the use of virtual care, improve clinical outcomes and help to stabilize patients at a lower cost than in-person care. The Lieutenant Governor:

- Visited several hospitals to learn about it's use and benefits.
- Determined how it can be implemented all across the State of Illinois.
- Advocated for reforms to make Telehealth accessible to all patients in rural Illinois.

The Lieutenant Governor is involved with several initiatives to help children in poverty:

- Worked with the Illinois Coalition to End Hunger to promote the Summer Meals Program in Illinois.
- Advocated for Breakfast after the Bell Legislation.

The Office of the Lieutenant Governor is taking a lead role in working to reduce the rural-urban educational achievement gap:

- Convened a panel of experts to educate GRAC members about the rural-urban educational opportunity gap.
- Currently working with the Regional Office of Education Association, the College Board, Illinois State Board of Education and Illinois Virtual School to establish a pilot program designed to expand advanced placement access to rural schools.

Economic and Workforce Development:

- The Lieutenant Governor is focusing on economic and workforce development in rural areas.
- Working with Legislators to introduce compromise legislation to reauthorize the Angel Investment tax credit.
- Working to create a new set-aside for eligible businesses that are owned by women, minorities and people with disabilities, and those headquartered in rural Illinois counties.
- The Lieutenant Governor is working to reduce fees charged to Limited Liability Corporations (LLC) to make rates more competitive with neighboring states.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
ANALYSIS OF OPERATIONS (NOT EXAMINED)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED) (Continued)

The Lieutenant Governor serves as chair of the Illinois River, Mississippi River, and Wabash and Ohio Rivers Coordinating Councils:

- Working with members of each council to lay out a new Integrated Management Plan (IMP) for our State's rivers and watersheds.
- Working with State agencies to coordinate efforts relating to our Nutrient Loss Reduction Strategy.
- Working closely with the U.S. Army Corps of Engineers and the Illinois Congressional Delegation to support federal infrastructure investment in our waterway lock and dam infrastructure.
- The Lieutenant Governor is working with the Army Corps of Engineers, the State of Illinois, as well as several great lake states to monitor the Asian Carp population while keeping the health of Lake Michigan and our river systems in Illinois maintained.

The Lieutenant Governor serves as chair of the Military Economic Development Committee:

- Partnered with the University of Illinois' Defense Industry Adjustment program to develop a better understanding of the defense industry supply chain.
- Working with leadership at each of Illinois' Department of Defenses (DOD) installations to develop strategies to bolster each installation in order to protect them from Base Realignment and Closure (BRAC) closure.

Chairman of the Local Government Consolidation and Unfunded Mandates Task Force:

The Lieutenant Governor is working alongside the Governor to create a more efficient Illinois.

- Held 16 meetings across the State.
- Listened to testimony from 33 experts representing government associations, nonprofit think tanks, researchers and State agencies.
- Received and reviewed 85 proposals.
- Endorsed 27 recommendations on topics relating consolidation and unfunded mandates.
- Publication of the 2016 journal of Local Government Shared Service Best Practices. This journal published by the Lieutenant Governor's office, highlights how service consolidation and partnership among local governments in Illinois can reduce duplication, improve services and save taxpayer dollars.
- The Lieutenant Governor is actively working with the Northern Illinois University's Center for Government Studies (CGS) to develop an "Efficiency Audit" that assesses local government efficiencies by county.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
ANALYSIS OF OPERATIONS (NOT EXAMINED)  
FOR THE TWO YEARS ENDED JUNE 30, 2017

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED) (Continued)

Member of the Illinois School Funding Reform Commission created by Governor Bruce Rauner on July 12, 2016.

- Commission met to discuss legislative strategies to improve financial and academic adequacy and equity.
- Member of the subsequent education policy-oriented task forces:
  - Active on the Modes of School Transportation for Elementary and Secondary Education Taskforce.
  - Active on the Statewide Taskforce on Developing Opportunities for Youth and Young Adults who are jobless and out of school.