

**STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2010

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
Agency Officials	1
Management Assertion Letter	2
Compliance Report	
Summary	3
Accountants' Report	
Independent Accountants' Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes	5
Schedule of Findings	
Current Findings – State Compliance	8
Prior Findings Not Repeated	12
Supplementary Information for State Compliance Purposes	
Summary	13
Fiscal Schedules and Analysis	
Schedule of Appropriations, Expenditures and Lapsed Balances	14
Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances	16
Schedule of Changes in State Property	17
Analysis of Significant Variations in Expenditures	18
Analysis of Significant Lapse Period Spending	20
Analysis of Operations	
Agency Functions and Planning Program	21
Average Number of Employees	23
Service Efforts and Accomplishments (Not Examined)	24

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2010

AGENCY OFFICIALS

Executive Director
(June 2009 to Present) Randy Erford

Executive Director
(February 2009 to June 2009) Vacant

Executive Director
(July 2008 to February 2009) Kevin Steelman

Commission Members as of June 30, 2010:

Senator James F. Clayborne Jr. Representative Elizabeth Coulson

Senator Kirk W. Dillard Representative Lou Lang

Senator Terry Link Representative Chapin Rose

Senator Dale E. Risinger Representative Arthur L. Turner

Agency office is located at:

420 Stratton Building
Springfield, IL 62706

Senator James F. Clayborne, Jr.
Senator Kirk Dillard
Senator Terry Link
Senator Dale Risinger



CHAIRMAN:
Representative Chapin Rose
Representative Elizabeth Coulson
Representative Lou Lang
Representative Art Turner

EXECUTIVE DIRECTOR:
Randy Erford

LEGISLATIVE ETHICS COMMISSION

420 Stratton Building, Springfield, IL 62706
Phone: (217) 558-1561
Fax: (217) 557-0505

MANAGEMENT ASSERTION LETTER

December 22, 2010

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

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 State of Illinois, Legislative Ethics 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, 2010. Based on this evaluation, we assert that during the years ended June 30, 2010 and June 30, 2009, 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.

Yours very truly,

A handwritten signature in blue ink, appearing to read "Randy Erford", written over a horizontal line.

Randy Erford, Executive Director

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2010

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>
Findings	Report	Report
Findings	2	2
Repeated findings	1	N/A
Prior recommendations implemented or not repeated	1	N/A

Details of findings are presented in a separate section of this report.

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
10-1	8	Procedural deficiencies	Significant Deficiency and Noncompliance
10-2	11	Inadequate segregation of duties	Significant Deficiency and Noncompliance
PRIOR FINDINGS NOT REPEATED			
A	12	Inappropriate signature authority designation	

EXIT CONFERENCE

The Legislative Ethics Commission waived an exit conference in correspondence dated December 20, 2010. Responses to the findings and recommendations were provided by Mr. Randy Erford, Executive Director, on December 22, 2010.

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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 State of Illinois, Legislative Ethics Commission'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 years ended June 30, 2010. The management of the State of Illinois, Legislative Ethics Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Legislative Ethics Commission's compliance based on our examination.

- A. The State of Illinois, Legislative Ethics 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 State of Illinois, Legislative Ethics 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 State of Illinois, Legislative Ethics Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

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 State of Illinois, Legislative Ethics 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 State of Illinois, Legislative Ethics Commission's compliance with specified requirements.

In our opinion, the State of Illinois, Legislative Ethics 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, 2010. However, the results of our procedures disclosed instances of noncompliance, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 10-1 and 10-2.

Internal Control

The management of the State of Illinois, Legislative Ethics 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 State of Illinois, Legislative Ethics 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 State of Illinois, Legislative Ethics 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. However, we identified certain deficiencies in internal control over compliance that we considered to be significant deficiencies as described in the accompanying schedule of findings as items 10-1 and 10-2. A *significant deficiency over compliance* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

There were no immaterial findings that have been excluded from this report.

The State of Illinois, Legislative Ethics Commission's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Legislative Ethics Commission's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information 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 2010 and 2009 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 2008 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, the Legislative Ethics Commission, 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
Director of Financial and Compliance Audits

December 22, 2010

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2010

10-1. **FINDING** (Procedural deficiencies)

During our testing of the Legislative Ethics Commission (Commission), we noted the following procedural deficiencies:

- The Commission did not prepare or file Fiscal Control and Internal Auditing Act (FCIAA) certifications with the Office of the Auditor General for Fiscal Years 2009 and 2010. FCIAA (30 ILCS 10/3003) requires each chief executive officer of each State agency to conduct an evaluation of their systems of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1 of each year.
- The Commission submitted 2 of 4 (50%) Travel Headquarters (TA-2) reports to the Legislative Audit Commission 63 and 244 days late, respectively. The State Finance Act (30 ILCS 105/12-3) requires agencies to file semi-annual TA-2 reports with the Legislative Audit Commission for all officers and employees where official headquarters are located other than where their official duties require them to spend the largest part of their working time by January 15 and July 15 each year.
- The Commission did not timely record the purchase of 3 equipment items, totaling \$433, on its property control listing. These items were recorded from 73 to 124 days late. The Illinois Administrative Code (44 Ill. Adm. Code Section 5010.400) states agencies shall adjust property records within 30 days of acquisition of equipment items.
- The Commission did not prepare or file Annual Real Property Utilization reports with the Department of Central Management Services (Department). The State Property Control Act (30 ILCS 605/7.1(b)) requires agencies to submit an Annual Real Property Utilization Report, or an annual update of the report, on forms required by the Department, by July 31 of each year.
- The Commission did not file 1 of 2 (50%) Agency Workforce reports with the Office of the Governor. The Commission failed to file its 2008 Agency Workforce report with the Office of the Governor. In addition, the Commission failed to prepare and file revised 2006 and 2007 Agency Workforce reports with the Office of the Governor and Secretary of State after auditors noted errors in the reports during the previous compliance examination. The State Employment Records Act (5 ILCS 410 et seq.) requires State agencies to collect, classify, maintain, and report certain employment statistics for women, disabled, and minority groups. Annual reports summarizing the information in a prescribed format are required to be filed with the Office of the

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2010

Governor and the Secretary of State by January 1 each year for the preceding fiscal year. In addition, the Illinois State Auditing Act (30 ILCS 5/3-2.2(b)) states that if the Auditor General determines that a State agency has materially failed to comply with the requirements of the State Employment Records Act, the State agency, within 30 days after release of the audit by the Auditor General, shall prepare and file with the Governor and the Secretary of State corrected reports covering the periods affected by the noncompliance.

- The Commission could not locate time sheets for one of its former employees. The person was employed by the Commission for approximately 8 months of the examination period. However, time sheets document this person's activities could not be located by Commission personnel. The Legislative Support Services Agencies Operating Rules and Personnel Policy states that time sheets shall be maintained by the records custodian for a period of at least two years.
- An employee of the Commission did not file a statement of economic interests with the Secretary of State as required. The employee was hired in June 2009 but did not file a statement of economic interests with the Secretary of State until April 2010. The Legislative Support Services Agencies Operating Rules and Personnel Policy states employees whose duties require a statement of economic interests be filed must file as soon as possible upon hiring and then annually by May 1.
- The Commission did not maintain complete and proper documentation of its ratification of the compensation for the Legislative Inspector General. Per the limited documentation available, the Commission met in December 2009 and discussed an increase in hourly compensation for the Legislative Inspector General. A draft Commission resolution was prepared to this effect, but the meeting minutes do not reflect the hourly compensation rate decided during the meeting, nor was the draft resolution signed or filed with any of the parties indicated in the draft resolution. The Illinois State Records Act (5 ILCS 160/8 and 9) requires agency heads to preserve records and essential transactions of the agency designed to furnish information to protect the legal and financial records of the State and to establish and maintain an active, continuing program for the economical and efficient management of the records.

Commission personnel stated the delays and missing reports noted were due to turnover and a vacancy within the Commission, as well as oversight on the part of a new employee of the Commission. Periodic evaluations of internal controls are necessary to determine whether existing measures are adequate to safeguard assets, ensure the accuracy and reliability of

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2010

accounting data, and encourage adherence to legal requirements and prescribed management policy. Failure to file TA-2 reports reduces effective government oversight and is noncompliance with a statutory mandate. Untimely reporting of property transactions reduces the reliability of statewide property information. Failure to file accurate Agency Workforce reports reduces the accuracy and completeness of statewide employment diversity information. Failure to maintain time sheets limits the Commission's ability to substantiate payroll expenditures. Failure to ensure employees file statements of economic interests as required impedes government transparency and may delay the recognition of potential conflicts of interest. Failure to maintain documentation regarding compensation matters is noncompliance with a statutory mandate. (Finding Code No. 10-1)

RECOMMENDATION

We recommend the Commission:

- File its Fiscal Control and Internal Auditing Act certification with the Office of the Auditor General;
- Submit its TA-2 reports to the LAC timely;
- Timely add property to inventory and timely submit the required property reports in accordance with the Illinois Administrative Code and State statute;
- File accurate Agency Workforce reports with both the Governor and Secretary of State, as well as file corrected Agency Workforce reports timely;
- Ensure time sheets documenting employee activities are maintained as required;
- Ensure statements of economic interests are filed timely upon the hire of new employees; and
- Ensure documentation of all essential transactions, including compensation issues, is maintained.

COMMISSION RESPONSE

Accepted. Notably, the agency already has maintained detailed documentation of all Commission meetings, including documentation of all essential Commission actions, including compensation transactions and timekeeping records, during this past fiscal year (FY2010). These procedures are in place and well established for FY2011 and thereafter.

Agency staff shall endeavor to be more diligent with regard to timely filing of external reports. The OAG's most recent *Audit Advisory* contains a report submission table applicable to most state agencies that will be a helpful guide to ensure enhanced compliance.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2010

10-2. **FINDING** (Inadequate segregation of duties)

The Legislative Ethics Commission (Commission) had an inadequate segregation of duties in the areas of expenditure control and State property.

We noted the following inadequate segregation of duties:

- One person had authority to approve vouchers, maintain accounting records and perform monthly expenditure reconciliations.
- One person had authority to approve all property purchases, tag all inventory, maintain the property records and complete the quarterly reports of State property.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, which shall provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. In addition, good business practices require the Commission maintain adequate segregation of duties in order to help ensure the safeguarding of assets, prevent improper expenditures, and ensure the accuracy and reliability of accounting data.

Commission personnel stated they have implemented a procedure to present expenditure reports to the Commission during its meetings. However, these expenditure reports are prepared and presented to the Commission after the transactions have already occurred.

A lack of adequate segregation of duties increases the likelihood that a loss from errors or irregularities could occur and would not be found in the normal course of employees carrying out their assigned duties. (Finding Code No. 10-2, 08-2)

RECOMMENDATION

We recommend the Commission maintain effective internal control over the record keeping and accounting duties concerned with expenditure and property control.

COMMISSION RESPONSE

Accepted. As noted previously, segregation of duties is difficult to undertake in a single staff office, but beginning with FY2010, the Commission has provided regular periodic examinations of agency expenditures, as a means to ensure enhanced financial oversight of agency operations.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF FINDINGS
For the Two Years Ended June 30, 2010

Prior Findings Not Repeated

A. **FINDING** (Inappropriate signature authority designation)

During the prior examination, we noted the Legislative Ethics Commission had authorized personnel from other State agencies to approve vouchers as the agency head without entering into an intergovernmental contract.

During the current examination, we noted the Legislative Ethics Commission continued to authorize personnel from other State agencies to approve vouchers as the agency head. However, the Commission and the other State agencies have entered into a proper intergovernmental contract as required. (Finding Code No. 08-1)

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2010

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
 - Analysis of Significant Variations in Expenditures
 - 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 INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For The Fiscal Year Ended June 30, 2010

Fourteen Months Ended August 31, 2010

P.A. 96-0042 FISCAL YEAR 2010	Appropriations (Net of Transfers)	Expenditures Through June 30	Approximate Lapse Period Expenditures		Approximate Total Expenditures	Approximate Balances Lapsed
			July 1 to August 31	August 31		
General Revenue Fund - 001 Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General	\$ 312,455	\$ 90,844	\$ 164	\$ 91,008	\$ 91,008	\$ 221,447
Total Fiscal Year 2010	<u>\$ 312,455</u>	<u>\$ 90,844</u>	<u>\$ 164</u>	<u>\$ 91,008</u>	<u>\$ 91,008</u>	<u>\$ 221,447</u>

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

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

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

Note D: The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. In both Fiscal Years 2009 and 2010 both entities were reported under the Legislative Ethics Commission's agency code. Therefore, both Fiscal Years 2009 and 2010 appropriation, expenditures, and lapsed balances are reported in the Compliance Attestation Engagement reports for both agencies.

STATE OF ILLINOIS
 LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For The Fiscal Year Ended June 30, 2009

Fourteen Months Ended August 31, 2009

P.A. 95-0731 FISCAL YEAR 2009	Appropriations (Net of Transfers)	Lapse Period		Total Expenditures	Balances Lapsed
		Expenditures Through June 30	Expenditures July 1 to August 31		
General Revenue Fund - 001 Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General	\$ 312,455	\$ 99,140	\$ 984	\$ 100,124	\$ 212,331
Total Fiscal Year 2009	<u>\$ 312,455</u>	<u>\$ 99,140</u>	<u>\$ 984</u>	<u>\$ 100,124</u>	<u>\$ 212,331</u>

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

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

Note C: The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. In both Fiscal Years 2009 and 2010 both entities were reported under the Legislative Ethics Commission's agency code. Therefore, both Fiscal Years 2009 and 2010 appropriation, expenditures, and lapsed balances are reported in the Compliance Attestation Engagement reports for both agencies.

STATE OF ILLINOIS
 LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 For the Fiscal Years Ended June 30, 2010

	Fiscal Year		
	2010	2009	2008
General Revenue Fund - 001	P.A. 96-0042	P.A. 95-0731	P.A. 95-0348
Appropriations (Net of Transfers)	<u>\$ 312,455</u>	<u>\$ 312,455</u>	<u>\$ 328,900</u>
<u>Expenditures</u>			
Ordinary and Contingent Expenses of the Commission and the Office of the Legislative Inspector General	<u>\$ 91,008</u>	<u>\$ 100,124</u>	<u>\$ 83,218</u>
Lapsed Balances	<u><u>\$ 221,447</u></u>	<u><u>\$ 212,331</u></u>	<u><u>\$ 245,682</u></u>

Note A: Fiscal Year 2010 expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August.

Note B: The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. In both Fiscal Years 2009 and 2010 both entities were reported under the Legislative Ethics Commission's agency code. See the Analysis of Significant Variations in Expenditures to see a comparison of expenditures in total and by detailed object code.

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2010

	Equipment
Balance at July 1, 2008	\$ 11,074
Additions	-
Deletions	-
Net Transfers	-
Balance at June 30, 2009	\$ 11,074
Balance at July 1, 2009	\$ 11,074
Additions	591
Deletions	-
Net Transfers	(2,578)
Balance at June 30, 2010	\$ 9,087

Note: The above schedule has been derived from Agency records which have been reconciled to property reports submitted to the Office of the Comptroller. The Legislative Inspector General and the Legislative Ethics Commission share an appropriation and expenditure data. All equipment is reported under the Legislative Ethics Commission.

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
 For the Two Years Ended June 30, 2010

<u>GENERAL REVENUE FUND – 001</u>	<u>2010</u>		<u>2009</u>
Regular Positions	\$ 45,204	(A)	\$ 76,005
Contractual Payroll Employees	35,400	(B)	536
State Contribution to State Employees' Retirement System	0	(C)	11,254
State Contribution to Social Security	3,968	(D)	5,811
Contractual Services	1,044		967
Travel	1,760	(E)	3,172
Printing	121		0
Commodities	320		0
Equipment	591		201
Electronic Data Processing	36		0
Telecommunications	<u>2,564</u>		<u>2,178</u>
Total General Revenue Fund Expenditures	<u>\$ 91,008</u>		<u>\$100,124</u>

Explanations of significant variations in expenditures (fluctuations of 20% and \$500) for the two years ended June 30, 2010 are presented below:

- (A) The decrease in regular positions expenditures in Fiscal Year 2010 was due to a decrease in the Inspector General's caseload and a decrease in the number of related hours.
- (B) The increase in contractual payroll employee expenditures in Fiscal Year 2010 was due to the Executive Director of the Ethics Commission being paid the entire year as a contractual employee. The previous Executive Director was paid as a regular payroll employee.
- (C) The decrease in state contribution to State Employees' Retirement System expenditures was due to Public Act 96-0045, which did not require agencies to make the contribution during Fiscal Year 2010 for employees paid out of the General Revenue Fund.
- (D) The decrease in state contribution to Social Security expenditures was due to the Executive Director's contractual payroll not being subject to Social Security tax. Therefore, the State is not required to pay an employer match.
- (E) The decrease in travel expenditures was due to a lower case volume and fewer cases requiring travel by the Inspector General during Fiscal Year 2010.

Note: The Legislative Ethics Commission shared an appropriation with the Office of the Legislative Inspector General during Fiscal Year 2009 and Fiscal Year 2010. The above expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures.

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
 For the Two Years Ended June 30, 2010

<u>GENERAL REVENUE FUND – 001</u>	<u>2009</u>		<u>2008</u>
Regular Positions	\$ 76,005		\$ 67,514
Contractual Payroll Employees	536	(A)	0
State Contribution to State Employees' Retirement System	11,254	(B)	5,224
State Contribution to Social Security	5,811		5,147
Contractual Services	967		814
Travel	3,172	(C)	1,343
Commodities	0		240
Equipment	201		0
Telecommunications	<u>2,178</u>	(D)	<u>2,936</u>
Total General Revenue Fund Expenditures	<u>\$ 100,124</u>		<u>\$ 83,218</u>

Explanations of significant variations in expenditures (fluctuations of 20% and \$500) for the two years ended June 30, 2009 are presented below:

- (A) The increase in contractual payroll employee expenditures was due to the current Executive Director of the Ethics Commission, who began employment June 26, 2009, being paid as a contractual employee.

- (B) The increase in state contribution to State Employees' Retirement System expenditures was due to an increase in the retirement rate from 16.561% in Fiscal Year 2008 to 21.049% in Fiscal Year 2009.

- (C) The increase in travel expenditures was due to a higher case volume and more cases that required travel by the Inspector General during Fiscal Year 2009.

- (D) The decrease in telecommunications expenditures was due to one additional meeting held via conference call in Fiscal Year 2008, which was not repeated in Fiscal Year 2009. Additionally, during Fiscal Year 2009, the Commission was without an Executive Director for a portion of the year, resulting in lower utilization of telecommunications services.

Note: The Legislative Ethics Commission shared an appropriation with the Office of the Legislative Inspector General during Fiscal Year 2008 and Fiscal Year 2009. The above expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures.

STATE OF ILLINOIS
 LEGISLATIVE ETHICS COMMISSION
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
 For the Two Years Ended June 30, 2010

<u>GENERAL REVENUE FUND – 001</u>	<u>2010</u>	<u>2009</u>
Regular Positions	\$ 0	\$ 0
Contractual Payroll Employees	0	0
Employee Retirement Contributions Paid by Employer	0	0
State Contribution to State Employees' Retirement System	0	0
State Contribution to Social Security	0	0
Contractual Services	38	37
Travel	0	303
Printing	0	0
Commodities	0	0
Equipment	0	201
Electronic Data Processing	0	0
Telecommunications	<u>126</u>	<u>443</u>
Total General Revenue Fund Expenditures	<u>\$ 164</u>	<u>\$ 984</u>

We noted no significant lapse period spending during the two years ended June 30, 2010.

Note: The Legislative Ethics Commission shared an appropriation with the Office of the Legislative Inspector General during Fiscal Years 2009 and 2010. The above lapse period expenditures include both the Office of the Legislative Inspector General's expenditures and the Legislative Ethics Commission's expenditures.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Fiscal Years Ended June 30, 2010

FUNCTIONS

The Legislative Ethics Commission (Commission) was created in December 2003 by the State Officials and Employees Ethics Act (Act) (5 ILCS 430/et seq.). The Commission consists of 8 commissioners, appointed 2 each by the President and Minority Leader of the Senate and the Speaker and Minority Leader of the House of Representatives. The Executive Director of the Legislative Ethics Commission is appointed by the Commission and subject to approval of at least 3 of the 4 legislative leaders.

The jurisdiction of the Commission extends to members of the General Assembly and all state employees whose ultimate jurisdictional authority is a legislative leader, the Senate Operations Commission or the Joint Committee on Legislative Support Services.

The State Officials and Employees Ethics Act states the Legislative Ethics Commission shall have the following duties:

- To promulgate rules governing the performance of its duties and the exercise of its powers and governing the investigations of the Legislative Inspector General.
- To conduct administrative hearings and rule on matters brought before the Commission only upon the receipt of pleadings filed by the Legislative Inspector General and not upon its own prerogative.
- Any other allegations of misconduct received by the Commission from a person other than the Legislative Inspector General shall be referred to the Office of the Legislative Inspector General.
- To prepare and publish manuals and guides and, working with the Office of the Attorney General, oversee training of employees under its jurisdiction that explains their duties.
- To prepare public information materials to facilitate compliance, implementation, and enforcement of the Act.
- To submit reports as required by the Act.
- To the extent authorized by the Act, to make rulings, issue recommendations, and impose administrative fines, if appropriate, in connection with the implementation and interpretation of the Act. The powers and duties of the Commission are limited to matters clearly within the purview of the Act.
- To issue subpoenas with respect to matters pending before the Commission to compel the attendance of witnesses for purposes of testimony and the production of documents and other items for inspection and copying.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Fiscal Years Ended June 30, 2010

- To appoint special Legislative Inspectors General.

PLANNING PROGRAM

The Commission is an investigative body with its powers and duties detailed in the State Officials and Employees Ethics Act. As a result, the Commission does not have formal written goals and objectives, but instead operates to fulfill the statutory responsibilities in a timely and efficient manner.

The Commission's Operating Rules and the Commission's Personnel Manual help implement and communicate the responsibilities set forth in the State Officials and Employees Ethics Act.

STATE OF ILLINOIS
 LEGISLATIVE INSPECTOR GENERAL - LEGISLATIVE ETHICS COMMISSION
AVERAGE NUMBER OF EMPLOYEES
 For the Two Years Ended June 30, 2010

AVERAGE NUMBER OF EMPLOYEES

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

<u>Division</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Inspector General *	1	1	1
Executive Director **	1	1	1
	<hr/>	<hr/>	<hr/>
Total average employees	<u>2</u>	<u>2</u>	<u>2</u>

* The Inspector General is a part-time employee.

** The Executive Director of the Legislative Ethics Commission is a contractual payroll employee and is part-time.

STATE OF ILLINOIS
LEGISLATIVE ETHICS COMMISSION
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2010
(Not Examined)

The Legislative Ethics Commission (Commission) maintained a website for State employees and the general public. This website outlines information about the Office, including its history, legislative authority, and purpose. In addition, the website provides contact information for the Office.

Pursuant to the State Officials and Employees Ethics Act (5 ILCS 430 et seq.), the Commission receives quarterly reports summarizing investigation activity from the Office of the Legislative Inspector General. Listed below is a compilation of allegation and investigation information reported to the Commission for Fiscal Years 2009 and 2010.

	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2010</u>
Number of allegations received	17	11
Number of investigations initiated	17	11
Number of investigations concluded	14	12
Number of total open investigations	5	4

There were no pleadings filed in Fiscal Years 2009 and 2010 with the Commission by the Legislative Inspector General. Accordingly, the Commission had not conducted an administrative hearing or given a ruling during Fiscal Years 2009 and 2010.