

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2019

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



**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page(s)</u>
AGENCY OFFICIALS	-	1
MANAGEMENT ASSERTION LETTER	-	2-3
COMPLIANCE REPORT:		
Summary	-	4-5
Independent Accountant’s Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes Schedule of Findings	-	6-8
Current Findings – State Compliance	-	9-16
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES:		
Fiscal Schedules and Analysis		
Schedule of Appropriations, Expenditures, and Lapsed Balances:		
Fiscal Year 2019	1	17
Fiscal Year 2018	2	18
Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances	3	19
Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller	4	20
Schedule of Changes in State Property	5	21
Analysis of Operations		
Agency Functions and Planning Program	-	22-23
Analysis of Significant Variations in Expenditures	-	24
Analysis of Significant Variations in Receipts	-	25
Analysis of Significant Lapse Period Spending	-	26
Budget Impasse Disclosures	-	27
Average Number of Employees	-	28
Memorandum of Understanding	-	29

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

AGENCY OFFICIALS

Executive Director	James W. Dodge
Deputy Director (12/01/17 - Present)	Vacant
Deputy Director (07/01/17 - 11/30/17)	Mark Warnsing
Chief Fiscal Officer (01/01/18 - Present)	Vacant
Chief Fiscal Officer (07/01/17 - 12/31/17)	Shirley Hatchett
Acting Fiscal Officer (01/01/19 - Present)	Rebecca Hankiewicz

GOVERNING BOARD MEMBERS

As of June 30, 2019 the Board was comprised of:

Board Member (Chairperson)	Scott Kaiser, Assistant Secretary of the Senate
Board Member	Tim Anderson, Secretary of the Senate
Board Member	John Hollman, Clerk of the House
Board Member	Brad Bolin, Assistant Clerk of the House

AGENCY OFFICE

The Legislative Reference Bureau's primary administrative office is located at:

Capitol Building, Room 112
Springfield, Illinois 62706



STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
ROOM 112 STATE HOUSE • SPRINGFIELD, IL 62706
PHONE: 217/782-6625

December 30, 2019

West & Company, LLC
Certified Public Accountants
919 E. Harris Avenue
Greenville, IL 62246

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 State of Illinois, Legislative Reference Bureau. 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 State of Illinois, Legislative Reference Bureau's compliance with the following specified requirements during the two years period ended June 30, 2019. Based on this evaluation, we assert that during the years ended June 30, 2018, and June 30, 2019, the State of Illinois, Legislative Reference Bureau has materially complied with the specified requirements listed below.

- A. The State of Illinois, Legislative Reference Bureau 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 Reference Bureau 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 Reference Bureau 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 State of Illinois, Legislative Reference Bureau 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 State of Illinois, Legislative Reference Bureau on behalf of the State or held in trust by the State of Illinois, Legislative Reference Bureau have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Legislative Reference Bureau

James Dodge, Executive Director

Rebecca Hankiewicz, Acting Fiscal Officer

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and 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 or disclaimers, but does contain an adverse opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	4	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	1

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2019-001	9	New	Inadequate segregation of duties	Material Weakness and Material Noncompliance
2019-002	11	New	Inadequate controls over receipts processing	Material Weakness and Material Noncompliance
2019-003	13	New	Inadequate controls over expenditures and monthly reconciliations	Material Weakness and Material Noncompliance
2019-004	15	New	Untimely submission of and errors on required filings	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2019**

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Bureau personnel at an exit conference on December 12, 2019.

Attending were:

Legislative Reference Bureau
James W. Dodge, Executive Director
Rebecca Hankiewicz, Acting Fiscal Officer

Office of the Auditor General
Ms. Janis VanDurme, Senior Audit Manager

West & Company, LLC – Special Assistant Auditors
Ms. Janice Romack, Partner
Mr. Michael Lawler, Manager

The responses to the recommendations were provided by James Dodge, Executive Director, in a correspondence dated December 19, 2019.



919 East Harris Avenue
Greenville, Illinois 62246

(618) 664-4848
www.westcpa.com

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, *Board of the Joint Committee on Legislative Support Services*

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Legislative Reference Bureau (Bureau) with the specified 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, 2019. Management of the Bureau is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Bureau's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Bureau 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 Bureau 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 Bureau 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 Bureau 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 Bureau on behalf of the State or held in trust by the Bureau have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Bureau complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Bureau complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

Our examination does not provide a legal determination on the Bureau's compliance with the specified requirements.

Our examination disclosed material noncompliance with the specified requirements during the two years ended June 30, 2019. As described in items 2019-001 through 2019-004 in the accompanying Schedule of Findings, the Bureau did not comply with the specified requirements. Items 2019-001 through 2019-003 are each considered to represent material deviations with the specified requirements. As described in the accompanying Schedule of Findings as items 2019-001 through 2019-003, the Bureau had not 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. As described in the accompanying Schedule of Findings as items 2019-001 through 2019-003, the Bureau had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations. As described in the accompanying Schedule of Findings as item 2019-002, the Bureau had not ensured the State revenues and receipts collected by the Bureau were in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts was fair, accurate, and in accordance with law. Item 2019-004 individually would have been regarded as significant noncompliance with the specified requirements; however, when aggregated, we determined these items constitute material deviations with the specified requirements.

In our opinion, because of the significance and pervasiveness of the material deviations from the specified requirements described in the preceding paragraph, the Bureau did not comply with the specified requirements during the two years ended June 30, 2019, in all material respects.

The Bureau's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Bureau's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Bureau is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control).

In planning and performing our examination, we considered the Bureau's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Bureau's compliance with the specified requirements and to test and report on the

Bureau's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2019-001 through 2019-003 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as item 2019-004 to be a significant deficiency.

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

The Bureau's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Bureau's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on them.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. 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 the Bureau's compliance with the specified requirements. The accompanying supplementary information for the years ended June 30, 2018 and June 30, 2019, in Schedules 1 through 5 and the Analysis of Operations section are presented for purposes of additional analysis. Such information is the responsibility of Bureau management. Because of the significance of the matters described in the accompanying Schedule of Findings as items 2019-001 through 2019-003, it is inappropriate to, and we do not, express an opinion on the supplementary information referred to above.

Greenville, Illinois
December 30, 2019

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2019**

2019-001 **FINDING** (Inadequate segregation of duties)

The Legislative Reference Bureau (Bureau) did not maintain adequate segregation of duties in the areas of expenditure control, payroll, and receipts control.

During testing, we noted the following segregation of duties weaknesses during Fiscal Years 2018 and 2019:

- One employee had the authority to prepare and approve vouchers, maintain accounting records, enter transactions into the accounting system, and perform monthly reconciliations.
- One employee had the authority to prepare payroll, make adjustments to payroll, approve payroll, and distribute payroll checks.
- One employee had the authority to receive revenues, make deposits and maintain the cash receipts listing.

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

Bureau personnel stated the lack of segregation of duties was due to lack of sufficient resources and key personnel turnover.

A lack of adequate segregation of duties increases the likelihood that a loss from fraud, theft, or undetected errors and discrepancies could occur and would not be found in the normal course of employees carrying out their assigned duties. In addition, a lack of adequate segregation of duties and proper review could result in inaccurate financial reporting. (Finding Code No. 2019-001)

RECOMMENDATION

We recommend the Bureau allocate sufficient personnel in order to maintain effective internal control over the authorization, custody and record keeping over expenditures, payroll, and receipts.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2019**

2019-001 **FINDING** (Inadequate segregation of duties) (Continued)

BUREAU RESPONSE

The Bureau accepts the findings, and would note that this situation was addressed by the Bureau prior to the close of the audit period. In the aftermath of the key personnel turnover noted in the Finding, this problem was addressed on January 1, 2019, by the assignment of responsibility for key functions in the areas outlined in the Finding to the Bureau's then-newly appointed Acting Fiscal Officer, restoring adequate segregation of duties. The Bureau appreciates the Recommendations accompanying this Finding, and will determine whether its personnel can support further segregation of the duties enumerated in the Finding.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2019**

2019-002 **FINDING** (Inadequate controls over receipts processing)

The Legislative Reference Bureau (Bureau) did not maintain adequate internal controls over receipts.

During testing, we noted the Bureau did not keep details of all receipts during Fiscal Years 2018 and 2019 showing the receipt date, the payer, purpose, and amount; therefore, the Bureau was unable to provide adequate records substantiating the population of receipts collected during the examination period.

Due to these conditions, we were unable to conclude whether the Bureau's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the Bureau's compliance relative to receipts. In addition, due to these limitations, we were unable to conclude the Bureau's *Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller* on page 19 was complete and appropriately reported.

Even given the population limitations noted above, which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, we performed the following tests:

- During Fiscal Year 2019, the Bureau failed to deposit receipts for 5 subscriptions of the *Legislative Synopsis & Digest*. Each subscription fee is \$55 for a total of \$275.
- Three of 3 (100%) treasurer drafts tested were not remitted timely to the Office of the Comptroller (Comptroller) for deposit into the State Treasury. The drafts were lost and replacement drafts were remitted to the Comptroller between 490 to 516 days from the date of deposit.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Bureau to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and revenues are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State's resources. Management has ultimate responsibility for the Bureau's internal control over reporting of financial information. This responsibility should include an adequate system of review of the completeness and accuracy of the Bureau's financial records. Further, prudent best business practices require the Bureau to keep proper books with a detailed itemized account of each receipt, including the date when the receipt was received by the Bureau, the payer, the purpose of the payment, and the manner of disbursement into the State Treasury.

Bureau personnel stated the responsibility for receipt processing was hindered due to lack of sufficient resources and key personnel turnover.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2019**

2019-002 **FINDING** (Inadequate controls over receipts processing) (Continued)

Lack of controls over the preparation and review of receipts may lead to inaccurate records and the submission of inaccurate financial information to the Comptroller. In addition, failure to maintain accurate records increases the potential for theft or misappropriation of assets. (Finding Code No. 2019-002)

RECOMMENDATION

We recommend the Bureau develop and maintain internal control over its receipts to ensure the timely collection and depositing of revenues, along with ensuring adequate documentation is maintained and readily available for all transactions. In addition, the Bureau should establish adequate records capable of providing detailed transactions and balance listings, which are timely reconciled to the State Comptroller's records.

BUREAU RESPONSE

The Bureau accepts the findings, and would note that this situation was addressed by the Bureau prior to the close of the audit period. In the aftermath of the key personnel turnover noted in the Finding, this problem was addressed on January 1, 2019, by the assignment of responsibility for receipts processing and related functions outlined in the Finding to the Bureau's then-newly appointed Acting Fiscal Officer, restoring the required controls. The Bureau appreciates the Recommendations accompanying this Finding, and will incorporate them into its ongoing efforts to improve compliance.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2019**

2019-003 **FINDING** (Inadequate controls over expenditures and monthly reconciliations)

The Legislative Reference Bureau (Bureau) did not have adequate controls over approving vouchers for payment or performing monthly reconciliations of its appropriations, cash receipts, contracts, and obligation activity.

Specifically, we noted the following:

- For 16 out of 60 (27%) vouchers selected for testing, totaling \$21,795, the Bureau approved the expenditures for payment between 5 to 657 days late. Fifteen of the exceptions occurred in Fiscal Year 2018 and the remaining late approval occurred in Fiscal Year 2019, specifically, December of 2018 and was approved 9 days late.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70) requires an agency to review bills and either deny bills with defects in whole or in part, ask for more information necessary to review the bill, or approve proper bills in whole or in part, within 30 days after physical receipt of the bill.

Bureau personnel stated the issues noted were due to lack of sufficient resources and key personnel turnover.

- During testing of Fiscal Year 2019 and 2018 reconciliations between the Office of the State Comptroller (Comptroller) records and the Bureau's records, we noted the following:
 - All Fiscal Year 2018 Monthly Appropriation Status Reports (SB01) reconciliations were not completed by the Bureau.
 - All Fiscal Year 2019 SB01 reconciliations tested did not document the dates the reconciliations were performed, as well as who prepared or reviewed the reconciliations. Accordingly, we could not determine if the SB01 reconciliations were performed or reviewed timely by the appropriate individuals.
 - All Fiscal Year 2018 and 2019 reconciliations of the Monthly Revenue Status Report (SB04), Monthly Agency Contract Report (SC14), and Monthly Obligation Activity Report (SC15) were not completed by the Bureau.

The Statewide Accounting Management System (SAMS) Manual (Procedure 11.40.20) requires the Bureau to perform monthly reconciliations of the unexpended appropriation balance from their records to the records of the Comptroller within 60 days of month end. The SAMS Manual (Procedure 25.40.20) requires the Bureau to perform monthly reconciliations of revenues from their records to the records of the Comptroller. The SAMS Manual (Procedure 15.30.30) requires the Bureau to perform monthly reconciliations of contracts and obligations from their records to the records of the Comptroller. The SAMS Manual (Procedure 02.50.10) requires supervisors to review and approve the assigned work of their staff to minimize errors.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2019**

2019-004 **FINDING** (Untimely submission of and errors on required filings)

The Legislative Reference Bureau (Bureau) did not timely submit all filings required by the Illinois Compiled Statutes and misclassified some employees on Agency Workforce Reports.

During our testing, we noted:

- The Agency Workforce Reports (Report) for Fiscal Years 2018 and 2019 did not classify any of the Bureau's employees in the Professional category. Based on our testing, the Bureau should have reported approximately 19 attorney positions as professional employees for each fiscal year according to the Bureau's organizational chart. Additionally, the Fiscal Year 2018 Agency Workforce Report was filed 203 days late.

The State Employment Records Act (Act) (5 ILCS 410/10(e)) defines a professional employee as a person employed to perform employment duties requiring academic training, evidenced by a graduate or advanced degree from an accredited institution of higher education, and who, in the performance of those employment duties, may only engage in active practice of the academic training received when licensed or certified by the State of Illinois. The Act (5 ILCS 410/20) requires the Bureau to collect, classify, maintain, and report all information on a fiscal basis and file the Report by January 1.

- The Agency Fee Imposition Report for Fiscal Year 2018 did not accurately report receipts collected by the Bureau. Bureau records showed \$270 of receipts were collected while the Agency Fee Imposition Report reported \$660. Additionally, the Agency Fee Imposition Report for Fiscal Year 2019 was filed on October 23, 2019, 83 days late.

The State Comptroller Act (15 ILCS 405/16.2) and State Accounting Management System (SAMS) (Procedure 33.16.20) requires the Bureau to submit the Agency Fee Imposition Report to the Office of the State Comptroller (Comptroller) by August 1 after the end of each fiscal year. The fee reported should agree with Bureau records.

- The Bureau did not timely file its Fiscal Control and Internal Auditing Act certification (certification). The Fiscal Year 2018 and 2019 certifications were not filed until May 14, 2018 and August 7, 2019, 13 and 98 days late, respectively.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3003) requires the chief executive officer of the Bureau 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 1st of each year.

Bureau personnel stated the issues noted were due to lack of sufficient resources and key personnel turnover.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS
For the Two Years Ended June 30, 2019**

2019-004 **FINDING** (Untimely submission of and errors on required filings) (Continued)

Not reporting accurate information on the Agency Workforce Reports reduces the reliability of the Reports which are used for providing the State and its citizens with information to help guide efforts to achieve a more diversified State workforce. Filing inaccurate and untimely Agency Fee Imposition Reports results in the Comptroller reporting inaccurate fee information for all agencies to the General Assembly. Failure to timely file FCIAA certifications is noncompliance with the Fiscal Control and Internal Auditing Act. (Finding Code No. 2019-004)

RECOMMENDATION

We recommend the Bureau strengthen internal control over the timeliness and accuracy of various filings required by Illinois Compiled Statutes.

BUREAU RESPONSE

The Bureau accepts the findings. To address this problem, in October of 2019, the Bureau created a report filing calendar and re-assigned the responsibility for filing the Reports outlined in the Finding, to ensure necessary focus on the timeliness and accuracy of required filings. The Bureau appreciates the Recommendations accompanying this Finding, and will incorporate them into its ongoing efforts to improve compliance.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2019**

For the Fifteen Months Ended September 30, 2019
(NOT EXAMINED)

Public Act 100-0586 FISCAL YEAR 2019	Appropriations (Net After Transfers)	Expenditures Through June 30	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>					
Operational expenses	<u>\$ 2,581,400</u>	<u>\$ 2,307,908</u>	<u>\$ 221,179</u>	<u>\$ 2,529,087</u>	<u>\$ 52,313</u>
GRAND TOTAL - ALL FUNDS	<u><u>\$ 2,581,400</u></u>	<u><u>\$ 2,307,908</u></u>	<u><u>\$ 221,179</u></u>	<u><u>\$ 2,529,087</u></u>	<u><u>\$ 52,313</u></u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Office of the State Comptroller's records as of September 30, 2019, and have been reconciled to Bureau records.

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

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Appropriations for Fiscal Year 2018**

For the Fifteen Months Ended September 30, 2018
(NOT EXAMINED)

Public Act 100-0021	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to September 30	Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
FISCAL YEAR 2018					
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Operational expenses	\$ 2,581,400	\$ 2,296,361	\$ 174,007	\$ 2,470,368	\$ 111,032
GRAND TOTAL - ALL FUNDS	<u>\$ 2,581,400</u>	<u>\$ 2,296,361</u>	<u>\$ 174,007</u>	<u>\$ 2,470,368</u>	<u>\$ 111,032</u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the Office of the State Comptroller's records as of September 30, 2018, and have been reconciled to Bureau records.

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

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2019, 2018, and 2017**

(NOT EXAMINED)

	FISCAL YEAR		
	2019	2018	2017
	P.A. 100-0586	P.A. 100-0021	Continuing Appropriations
<u>GENERAL REVENUE FUND - 001</u>			
Expenditure Authority (net after transfers)	\$ 2,581,400	\$ 2,581,400	\$ 2,489,400
Expenditures			
Operational expenses	2,529,087	2,470,368	2,337,879
Lapsed balances fund - 001	\$ 52,313	\$ 111,032	\$ 151,521

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the Office of the State Comptroller's records as of September 30, 2019, 2018, and 2017, and have been reconciled to Bureau records.

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

Note 3: The Civil Administrative Code (State Budget Law) (15 ILCS 20/50-22(b)) provides aggregate appropriations available for legislative operations for all funds for each fiscal year shall not be less than the aggregate appropriations made available for legislative operations during the immediately preceding fiscal year. The Circuit Court of Cook County in *People v. Munger* (15 CH 10243) ordered the State Comptroller, in the absence of enacted annual appropriations, to process and pay certified invoice vouchers from the State's legislative branch agencies pursuant to this statute. Therefore, the Bureau's Fiscal Year 2015 appropriation was carried forward to become the Bureau's Fiscal Year 2016 and Fiscal Year 2017 expenditure authority.

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

(NOT EXAMINED)

	FISCAL YEAR		
	2019	2018	2017
<u>GENERAL REVENUE FUND - 001</u>			
Subscriptions or publications	\$ -	\$ -	\$ 440
Reimbursement for jury duty/recoveries	-	68	-
Total cash receipts per Bureau	-	68	440
Less - In transit at End of Year	-	-	-
Plus - In transit at Beginning of Year	-	-	-
Total cash receipts per State Comptroller's records fund - 001	<u>\$ -</u>	<u>\$ 68</u>	<u>\$ 440</u>
<u>GENERAL ASSEMBLY COMPUTER EQUIPMENT REVOLVING FUND - 155</u>			
Copy fees	\$ -	\$ 270	\$ -
Total cash receipts per Bureau	-	270	-
Less - In transit at End of Year	-	270	-
Plus - In transit at Beginning of Year	270	-	-
Total cash receipts per State Comptroller's records fund - 155	<u>\$ 270</u>	<u>\$ -</u>	<u>\$ -</u>
<u>GRAND TOTAL - ALL FUNDS</u>			
Total cash receipts per Bureau	\$ -	\$ 338	\$ 440
Less - In transit at End of Year	-	270	-
Plus - In transit at Beginning of Year	270	-	-
Total cash receipts per State Comptroller's records - all funds	<u>\$ 270</u>	<u>\$ 68</u>	<u>\$ 440</u>

Note 1: The above schedule is presented as Not Examined because of the significance of the exceptions noted in finding 2019-002.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2019**

(NOT EXAMINED)

	<u>Total</u>
Balance at July 1, 2017	\$ 386,547
Additions	2,309
Deletions	(3,833)
Net transfers	<u>(2,309)</u>
Balance at June 30, 2018	<u><u>\$ 382,714</u></u>
Balance at July 1, 2018	\$ 382,714
Additions	4,250
Deletions	(205,105)
Net transfers	<u>(1,443)</u>
Balance at June 30, 2019	<u><u>\$ 180,416</u></u>

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

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019**

(NOT EXAMINED)

AGENCY FUNCTIONS

The Legislative Reference Bureau (Bureau) is a service bureau responding to the needs of the General Assembly pursuant to the Legislative Reference Bureau Act (25 ILCS 135) and the Legislative Commission Reorganization Act of 1984 (25 ILCS 130). The Bureau was created June 26, 1913.

The Joint Committee on Legislative Support Services directs the Bureau and also determines many of the policies for the Bureau. The Bureau is governed by a Board that consist of the Secretary and Assistant Secretary of the Senate and the Clerk and Assistant Clerk of the House of Representatives.

The Legislative Reference Bureau is located in the Capitol Building, Room 112, Springfield, Illinois 62706. The main duties of the Bureau consist of:

- Establishing a reference bureau (legal library) in the State Capital to collect laws, books, periodicals, and other printed material adapted to the needs of the members of the General Assembly in the performance of their official duties.
- Collecting, summarizing, and indexing all bills, resolutions, and amendments introduced in the General Assembly. During the 100th General Assembly, there were 33,889 total drafting requests for all types of documents, and there have been 18,634 total drafting requests for all types of documents as for September 30, 2019 for the 101st General Assembly.
- Preparing, printing and distributing a Legislative Synopsis and Digest for the members periodically when the General Assembly is in session, distributed free of charge. Subscriptions are available to the general public for a fee of \$55 each. There were five paid subscriptions for both Fiscal Year 2018 and Fiscal Year 2019.
- Offering such legal assistance and information as may be practicable in the preparation of bills, resolutions, and amendments and other legislative documents to be introduced into the General Assembly by a member. Attorneys employed by the Bureau provide this service to legislators on a non-partisan basis in a confidential attorney-client relationship.
- Recommending revisions, simplifications, and rearrangements of existing statutory law and the elimination of obsolete, supersede, duplicated, and unconstitutional statutes or parts of statutes.
- Reviewing all reported decisions of the Federal Courts and the Supreme and Appellate Courts of Illinois and recommending technical corrections in the statutes to comply with these decisions.
- Preparing revisions to conform the statutes to any reorganization of the executive branch taking effect pursuant to executive order of the governor under Article V, Section 11 of the Constitution and the Executive Reorganization Implementation Act.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2019**

(NOT EXAMINED)

AGENCY FUNCTIONS (Continued)

- Maintaining a computer memory system containing the Illinois Compiled Statutes with current revisions. Information from that system is to be provided to the members and agencies of the General Assembly and the Attorney General. The Legislative Information System is providing the computer time for this memory system. In addition, the Bureau is required (25 ILCS 140/2 and 25 ILCS 135/5.04) to make this system available to the public or other governmental entities and agencies, subject to the requirement that the quality of the service to the Bureau, the General Assembly to the Attorney General shall not be reduced. The Bureau has adopted rates and conditions and has specified charges regarding the offering of this service.
- Supervising the participation of the State of Illinois in the National Conference of Commissioners on Uniform State Laws, and representing the State of Illinois on that commission (25 ILCS 135/5.07). In connection with these responsibilities, the Bureau is to examine those subjects on which uniformity with the laws of other states is desirable and is to ascertain the best means to affect uniformity in the laws of the states.

PLANNING PROGRAM

The Legislative Reference Bureau is a responsive agency with its operations and programs specified by the legislature in accordance with its legislative mandates. As a result, the Bureau does not have formal written goals and objectives, but instead operates to fulfill these mandates in a timely and efficient manner.

The Bureau does plan, on a short-term basis, for anticipated needs of the General Assembly and budgets time and appropriations accordingly. The small size of the Bureau enables the Executive Director to personally monitor the needs and to review personnel performance in fulfilling the mandates of the Bureau.

STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2019

(NOT EXAMINED)

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEAR 2019,
FISCAL YEAR 2018, AND FISCAL YEAR 2017**

There were no significant variations in expenditures between Fiscal Year 2019, Fiscal Year 2018, and Fiscal Year 2019. Significant variations for this analysis were defined as variations greater than \$7,000 and 20%.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2019**

(NOT EXAMINED)

Significant variances were determined to be changes of at least 20% between fiscal years as reported in the Comparative Schedule of Cash Receipts and Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller, and the Bureau's explanations are explained below.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEAR 2019 AND FISCAL YEAR 2018

GENERAL REVENUE FUND – 001

The decrease in Fiscal Year 2019 receipts was due to the Bureau's receipts for reimbursement for jury duty/recoveries being infrequently received from year to year.

GENERAL ASSEMBLY COMPUTER EQUIPMENT REVOLVING FUND – 155

The decrease in Fiscal Year 2019 receipts was due to the Bureau not depositing receipts for subscription sales in Fiscal Year 2019; whereas, in Fiscal Year 2018, the Bureau deposited \$270 for 5 subscription sales.

ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEAR 2018 AND FISCAL YEAR 2017

GENERAL REVENUE FUND – 001

The decrease in Fiscal Year 2018 receipts was due to the Bureau depositing subscription receipts into the General Assembly Computer Equipment Revolving Fund instead of the General Revenue Fund. New legislation issued in Fiscal Year 2018 did not specify where the subscription fees had to be deposited.

GENERAL ASSEMBLY COMPUTER EQUIPMENT REVOLVING FUND – 155

The increase in Fiscal Year 2018 receipts was due to the Bureau depositing subscription receipts into the General Assembly Computer Equipment Revolving Fund instead of the General Revenue Fund. New legislation issued in Fiscal Year 2018 did not specify where the subscription fees had to be deposited.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2019**

(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING

The Bureau's lapse period spending of \$221,179 in Fiscal Year 2019 and \$174,007 in Fiscal Year 2018 as shown in the Schedule of Appropriations, Expenditures, and Lapse Balances, represent 8.75% and 7.04% of the total expenditures, respectively. There was no significant lapse period spending in Fiscal Year 2019 and Fiscal Year 2018 which exceeded twenty percent (20%) of the total expenditure line item.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2019**

(NOT EXAMINED)

Payment of Prior Year Costs in Future Fiscal Years

All of the Bureau's Fiscal Year 2016 and Fiscal Year 2017 costs were paid pursuant to continuing appropriations. The Bureau did not have any outstanding unpaid invoices from either 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. Therefore, no Fiscal Year 2016 and Fiscal Year 2017 costs were paid with the Bureau's Fiscal Year 2018.

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
AVERAGE NUMBER OF EMPLOYEES
For the Years Ended June 30,**

(NOT EXAMINED)

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

<u>Function</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Administrative	5	5	6
Professional	12	12	11
Clerical	<u>13</u>	<u>13</u>	<u>12</u>
Total average full-time employees	<u><u>30</u></u>	<u><u>30</u></u>	<u><u>29</u></u>

**STATE OF ILLINOIS
LEGISLATIVE REFERENCE BUREAU
MEMORANDUM OF UNDERSTANDING
For the Two Years Ended June 30, 2019**

(NOT EXAMINED)

During the examination period, the Bureau had a Memorandum of Understanding (MOU) with the Office of the State Comptroller (Comptroller) for the purpose of defining the roles and responsibilities between the Bureau and the Comptroller for directly inputting obligations, purchase orders, and master contracts (collectively, obligation activity) into the Statewide Accounting Management System (SAMS). The Bureau's responsibilities are to enter the obligation activity into SAMS; apply the first level approval on all Bureau obligation activity; identify rejected obligation activity and take necessary corrective action within five working days; designate a representative to coordinate all security issues with the Comptroller's Security Administrator; and, ensure proper fiscal and internal controls associated with this program are implemented within the Bureau.