

**STATE OF ILLINOIS  
LEGISLATIVE RESEARCH UNIT  
COMPLIANCE EXAMINATION**

For the Two Years Ended June 30, 2011

STATE OF ILLINOIS  
LEGISLATIVE RESEARCH UNIT  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2011

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**AGENCY OFFICIALS**  
**LEGISLATIVE RESEARCH UNIT**

|  |                     |
|--|---------------------|
| Executive Director (1/1/11 to present) | Mr. Alan Kroner     |
| Executive Director (through 12/31/10)  | Mr. Patrick O’Grady |
| Associate Director                     | Mr. Jonathan Wolff  |
| Deputy Director for Research           | Mr. David Miller    |
| Fiscal Officer                         | Ms. Cindy Bates     |

Agency office is located at:

222 S. College  
Suite 301  
Springfield, IL 62704-1894

# LEGISLATIVE RESEARCH UNIT

ALAN R. KRONER, EXECUTIVE DIRECTOR

January 18, 2012

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

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Legislative Research Unit. 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 Legislative Research Unit's compliance with the following assertions during the two-year period ended June 30, 2011. Based on this evaluation, we assert that during the year(s) ended June 30, 2010 and June 30, 2011, the Legislative Research Unit has materially complied with the assertions below.

- A. The Legislative Research Unit 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 Legislative Research Unit 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 Legislative Research Unit 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 Legislative Research Unit 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.

Yours very truly,

Legislative Research Unit

  
\_\_\_\_\_

Alan Kroner, Executive Director

  
\_\_\_\_\_

Cindy Bates, Fiscal Officer



## **COMPLIANCE REPORT**

### **SUMMARY**

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

### **ACCOUNTANTS' REPORTS**

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

### **SUMMARY OF FINDINGS**

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

### **SCHEDULE OF FINDINGS**

The Legislative Research Unit did not have any current year or prior year findings.

### **EXIT CONFERENCE**

A formal exit conference was waived by Alan Kroner, Executive Director, in a correspondence dated January 4, 2012.

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MICHAEL A. BILANDIC BLDG. • SUITE S-900  
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FAX: 312/814-4006

OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

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

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

We have examined the State of Illinois, Legislative Research Unit'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, 2011. The management of the Legislative Research Unit is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Legislative Research Unit's compliance based on our examination.

- A. The Legislative Research Unit 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 Legislative Research Unit 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 Legislative Research Unit 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 Legislative Research Unit 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.

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 Legislative Research Unit'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 Legislative Research Unit's compliance with specified requirements.

In our opinion, the Legislative Research Unit complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2011.

### **Internal Control**

The management of the Legislative Research Unit 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 Legislative Research Unit'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 Legislative Research Unit's internal control over compliance.

*A deficiency in an entity's internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

### **Supplementary Information for State Compliance Purposes**

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information as listed in the table of contents as Supplementary Information for State Compliance Purposes is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the 2010 and

2011 Supplementary Information for State Compliance Purposes, except for Service Efforts and Accomplishments on which we did not perform any procedures. However, we do not express an opinion on the supplementary information.

We have not applied procedures to the 2009 Supplementary Information for State Compliance Purposes, and accordingly, we do not express an opinion thereon.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, 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

January 18, 2012

## **SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

### **SUMMARY**

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

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures and Lapsed Balances
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts
- Reconciliation Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- 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 RESEARCH UNIT  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
 Appropriations for Fiscal Year 2011

Fourteen Months Ended August 31, 2011

| P.A. 96-0956<br>FISCAL YEAR 2011  | Appropriations<br>(Net After<br>Transfers) | Expenditures<br>Through 6/30/11 | Approximate                    |                       | Approximate<br>Balances<br>Lapsed |
|-----------------------------------|--|---------------------------------|--------------------------------|-----------------------|-----------------------------------|
|                                   |  |                                 | Expenditures<br>7/01 - 8/31/11 | Total<br>Expenditures |                                   |
|                                   | \$ 2,930,950                               | \$ 2,612,605                    | \$ 106,062                     | \$ 2,718,667          | \$ 212,283                        |
| <b>General Revenue Fund - 001</b> |  |                                 |                                |                       |                                   |
| Lump Sum: Operational Expenses    | \$ 2,930,950                               | \$ 2,612,605                    | \$ 106,062                     | \$ 2,718,667          | \$ 212,283                        |
| <b>Total Fiscal Year 2011</b>     | <u>\$ 2,930,950</u>                        | <u>\$ 2,612,605</u>             | <u>\$ 106,062</u>              | <u>\$ 2,718,667</u>   | <u>\$ 212,283</u>                 |

Note 1: Appropriations, expenditures, and lapsed balances were obtained from State Comptroller records and have been reconciled to the Agency's records.

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

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

STATE OF ILLINOIS  
LEGISLATIVE RESEARCH UNIT  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**

Appropriations for Fiscal Year 2010

Fourteen Months Ended August 31, 2010

| P.A. 96-0042<br>FISCAL YEAR 2010       | Appropriations<br>(Net After<br>Transfers) | Lapse Period                    |                                | Total<br>Expenditures | Balances<br>Lapsed |
|--|--|---------------------------------|--------------------------------|-----------------------|--------------------|
|  |  | Expenditures<br>Through 6/30/10 | Expenditures<br>7/01 - 8/31/10 |                       |                    |
| <b>General Revenue Fund - 001</b>      |  |                                 |                                |                       |                    |
| Personal Services                      | \$ 1,206,050                               | \$ 1,206,041                    | \$ -                           | \$ 1,206,041          | \$ 9               |
| State Contributions to Social Security | 92,300                                     | 90,801                          | -                              | 90,801                | 1,499              |
| Lump Sum: Operational Expenses         | 1,632,600                                  | 1,286,797                       | 94,040                         | 1,380,837             | 251,763            |
| <b>Total Fiscal Year 2010</b>          | <b>\$ 2,930,950</b>                        | <b>\$ 2,583,639</b>             | <b>\$ 94,040</b>               | <b>\$ 2,677,679</b>   | <b>\$ 253,271</b>  |

Note 1: Appropriations, expenditures, and lapsed balances were obtained from State Comptroller records and have been reconciled to the Agency's records.

STATE OF ILLINOIS  
 LEGISLATIVE RESEARCH UNIT  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
 For the Fiscal Years Ended June 30,

|  | Fiscal Year  |              |              |
|--|--------------|--------------|--------------|
|  | 2011         | 2010         | 2009         |
| <b>General Revenue Fund - 001</b>      | P.A. 96-0956 | P.A. 96-0042 | P.A. 95-0731 |
| Appropriations (Net of Transfers)      | \$ 2,930,950 | \$ 2,930,950 | \$ 3,066,656 |
| <u>Expenditures</u>                    |              |              |              |
| Personal Services                      | \$ -         | \$ 1,206,041 | \$ 1,181,014 |
| Employee Retirement                    |              |              |              |
| Contributions Paid by Employer         | -            | -            | 45,993       |
| State Contribution to State            |              |              |              |
| Employees' Retirement System           | -            | -            | 248,688      |
| State Contributions to Social Security | -            | 90,801       | 87,217       |
| Contractual Services                   | -            | -            | 604,484      |
| Travel                                 | -            | -            | 3,868        |
| Commodities                            | -            | -            | 5,055        |
| Printing                               | -            | -            | 1,648        |
| Equipment                              | -            | -            | 67,119       |
| Telecommunications                     | -            | -            | 13,488       |
| Lump Sum: Legislative Intern Program   | -            | -            | 562,752      |
| Lump Sum: Model Illinois Government    | -            | -            | 6,929        |
| Lump Sum: New Members Conference       | -            | -            | 29,654       |
| Lump Sum: Operating Expenses           | 2,718,667    | 1,380,837    | -            |
| Total Expenditures                     | \$ 2,718,667 | \$ 2,677,679 | \$ 2,857,909 |
| Lapsed Balances                        | \$ 212,283   | \$ 253,271   | \$ 208,747   |

Note 1: Fiscal Year 2011 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.

STATE OF ILLINOIS  
 LEGISLATIVE RESEARCH UNIT  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
 For the Two Years Ended June 30, 2011

|                          | <u>Equipment</u> |
|--------------------------|------------------|
| Balance at July 1, 2009  | \$ 487,713       |
| Additions                | 23,924           |
| Deletions                | (185)            |
| Net Transfers            | (1,829)          |
| Balance at June 30, 2010 | \$ 509,623       |
| Balance at July 1, 2010  | \$ 509,623       |
| Additions                | 3,366            |
| Deletions                | -                |
| Net Transfers            | -                |
| Balance at June 30, 2011 | \$ 512,989       |

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

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

|   | Fiscal Year   |             |               |
|---|---------------|-------------|---------------|
|   | 2011          | 2010        | 2009          |
| <b><u>General Revenue Fund - 001</u></b>    |               |             |               |
| Reimbursement for Jury Duty                 | \$ 135        | \$ -        | \$ -          |
| Prior Year Refund                           | -             | -           | 199           |
| Total Receipts per Agency Records           | 135           | -           | 199           |
| Add: Deposits in Transit, Beginning of Year | -             | -           | -             |
| Less: Deposits in Transit, End of Year      | -             | -           | -             |
| Deposits Recorded by the Comptroller        | <u>\$ 135</u> | <u>\$ -</u> | <u>\$ 199</u> |

STATE OF ILLINOIS  
LEGISLATIVE RESEARCH UNIT  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Two Years Ended June 30, 2011

Significant variances in expenditures were determined to be changes of \$10,000 and at least 20% between fiscal years, and are explained below.

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

**General Revenue Fund (001)**

Personal Services and State Contributions to Social Security

The decrease in personal services and State contributions was due to the Agency receiving a lump sum appropriation for all expenditures in FY11.

Lump Sum: Operating Expenses

The increase was due to the Agency receiving a lump sum appropriation in FY11 for all of its expenditures.

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

**General Revenue Fund (001)**

State Contribution to SERS, Contractual Services, and other line items

The decrease was due to the Agency receiving a lump sum appropriation in FY10 for all items except personal services and State contributions to Social Security.

Lump Sum: Operating Expenses

The increase was due to the Agency receiving a lump sum appropriation in FY10 for the majority of its line item expenditures.

STATE OF ILLINOIS  
LEGISLATIVE RESEARCH UNIT  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Two Years Ended June 30, 2011

Significant lapse period spending was determined to be at least 20% of total expenditures, and is explained below.

**FISCAL YEAR 2011**

There was no significant lapse period spending in FY11.

**FISCAL YEAR 2010**

There was no significant lapse period spending in FY10.

STATE OF ILLINOIS  
LEGISLATIVE RESEARCH UNIT  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2011

**AGENCY FUNCTIONS AND PLANNING PROGRAM**

The Legislative Research Unit (LRU) was established in 1937 as the Illinois Legislative Council and is the central research agency for the General Assembly. A staff of researchers respond to inquiries from legislators, committees and staff regarding questions of laws and court decisions; laws of other states; regulations; science and health; environmental protection; public utilities; business and economic development; and many others. The LRU maintains up-to-date information on federal aid received by the State. It is also responsible for tracking and monitoring membership of boards and commissions established by the State of Illinois.

Alan R. Kroner, Executive Director of the Legislative Research Unit, serves at the direction of the Joint Committee and operates the Agency under the Operating Rules for Legislative Support Service Agencies.

A board of twelve legislators, appointed by the four legislative leaders, governs the Legislative Research Unit. The board members as of June 30, 2011 are:

Rep. Sara Feigenholtz, Co-Chairman  
Sen. Larry Bomke, Co-Chairman

Senators

Shane Cultra  
David Koehler  
Kimberly A. Lightford  
Antonio "Tony" Munoz  
Carol Pankau

Representatives

Jason Barickman  
Norine Hammond  
Constance A. "Connie" Howard  
Michael W. "Mike" Tryon  
Vacant

During fiscal years 2010 and 2011, the Legislative Research Unit received all of its appropriations from the General Revenue Fund. With these appropriations, LRU conducts a new members' conference and orientation after each general election and a District Office Staff Training seminar. Furthermore, LRU also administers the Illinois Legislative Staff Internship Program (ILSIP) and the Zeke Giorgi Memorial Fund Internship Program in cooperation with the University of Illinois at Springfield.

STATE OF ILLINOIS  
LEGISLATIVE RESEARCH UNIT  
**ANALYSIS OF OPERATIONS**  
For the Two Years Ended June 30, 2011

**AGENCY PLANNING PROGRAM**

The planning program consists of annual budget requests, which present short-term goals and objectives. LRU's long-term goals and objectives are set by statute and various other rules and guidelines. A member of upper management has been assigned responsibility to update and maintain information related to the statutes, rules and guidelines governing LRU.

The Deputy Director for Research manages and coordinates research functions and reports to the Director. Research production is monitored daily, and hundreds of requests are tracked electronically.

**AVERAGE NUMBER OF EMPLOYEES**

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

| <u>Division</u>                   | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|-----------------------------------|-------------|-------------|-------------|
| Administration                    | 12          | 12          | 14          |
| Research                          | 12          | 13          | 11          |
| Total average full-time employees | <u>24</u>   | <u>25</u>   | <u>25</u>   |

STATE OF ILLINOIS  
LEGISLATIVE RESEARCH UNIT  
ANALYSIS OF OPERATIONS  
For the Two Years Ended June 30, 2011

**SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)**

The number of research assignments completed by the library staff at the Legislative Research Unit (LRU) in FY10 was 22, including 2 Research Responses. This is a decrease of 46.3% from the previous fiscal year number of 41 assignments. This amount represents 7.2% of the total assignments done by the LRU in FY10.

The number of assignments completed by the library staff at the LRU in FY11 was 15, including 1 Research Response. This is a decrease of 31.8% from the previous fiscal year number of 22 assignments. This amount represents 5.1% of the total assignments done by the LRU in FY11.

During FY10, the LRU performed 304 research assignments for legislators and staff. In addition, they recorded 1,060 appointments to boards and commissions of the State from July 1, 2009 to June 30, 2010.

Federal aid to State Agencies amounting to \$21.537 billion was tracked by the LRU during FY10.

During FY 11, the LRU performed 292 research assignments for legislators and staff. In addition, the LRU recorded 963 appointments to boards and commissions of the State from July 1, 2010 to June 30, 2011.

Federal aid to State Agencies amounting to \$16.071 billion was tracked by the LRU during FY11.

The LRU also published the following major publications during the examination period

*First Reading*, quarterly newsletter;  
*Federal Grant Alerts*, monthly newsletter;  
*Catalog of State Assistance to Local Governments*  
*Directory of Illinois State Officials*, a telephone directory;  
*2010 & 2011 Tax Handbook*  
*Aids and the Law*  
*Federal Funds to State Agencies*  
*Preface to Lawmaking*  
*Laws for Older Adults*  
*Laws for Youth*  
*Constituent Services Guide*