

# REPORT DIGEST

OFFICE OF THE  
SECRETARY OF STATE

**FINANCIAL AUDIT  
For The Year Ended:  
June 30, 1997  
AND  
COMPLIANCE AUDIT  
For The Two Years Ended:  
June 30, 1997  
(In accordance with the  
Single Audit Act and OMB  
Circular A-128)**

## Summary of Findings:

Total this audit	5
Total last audit	4
Repeated from last audit	0
Matter for Consideration by the General Assembly	2

Release Date:



State of Illinois  
Office of the Auditor General

**WILLIAM G. HOLLAND**  
AUDITOR GENERAL

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## SYNOPSIS

- ◆ The Office of the Secretary of State did not distribute funds collected from the sale of collegiate license plates to the respective schools on the date required by statute.
- ◆ Checks were issued from a locally held account without proper authority.
- ◆ The Secretary of State Department of Police did not maintain adequate records of various pieces of equipment obtained through forfeiture.

### Matters for Consideration by the General Assembly:

- ◆ The General Assembly may wish to consider reviewing the reasons for the ineffective implementation of the Family Financial Responsibility Act, which provides for an individual driver's license to be suspended if the person is 90 days or more delinquent in court-ordered child support *and* has been found in contempt by the court for failure to pay the support.
- ◆ The Secretary of State did not collect fees for the registration of any fleet of 10 or more vehicles owned or operated in the Chicago area as required by statute. The General Assembly may wish to consider reviewing the reasons for the difficulty of implementation of the Alternate Fuels Act.

{Expenditures and Activity Measures are summarized on the reverse page.}



**SECRETARY OF STATE**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**For The Two Years Ended June 30, 1997**

RECEIPT/EXPENDITURE STATISTICS	FY 1997	FY 1996	FY 1995
<b>! Total Cash Receipts (All Funds).....</b>	<b>\$1,093,958,983</b>	<b>\$1,007,133,739</b>	<b>\$1,010,888,742</b>
<b>! Total Expenditures (All Funds).....</b>	<b>\$418,290,431</b>	<b>\$400,294,300</b>	<b>\$403,867,707</b>
<u>OPERATIONS TOTAL.....</u>	\$210,026,175	\$192,744,631	\$192,708,202
% of <b>Total</b> Expenditures.....	50.2%	48.1%	47.7%
Personal Services.....	\$120,756,926	\$117,328,158	\$119,638,420
% of Operations Expenditures.....	57.5%	60.9%	62.1%
Average No. of Employees			
Regular Positions.....	3,586	3,579	3,799
Extra Help.....	356	355	366
Other Payroll Costs (FICA, Retirement).....	\$19,638,702	\$18,766,706	\$18,110,382
% of Operations Expenditures.....	9.4%	9.7%	9.4%
Contractual Services.....	\$30,507,380	\$29,635,308	\$28,066,507
% of Operations Expenditures.....	14.5%	15.4%	14.6%
All Other Operations Items.....	\$39,123,167	\$27,014,459	\$26,892,893
% of Operations Expenditures.....	18.6%	14.0%	13.9%
<u>AWARDS AND GRANTS TOTAL.....</u>	\$204,157,694	\$202,423,513	\$207,322,583
% of <b>Total</b> Expenditures.....	48.8%	50.6%	51.3%
<u>REFUNDS &amp; PERMANENT IMPROVEMENTS -</u>			
<u>TOTAL.....</u>	\$4,106,562	\$5,126,156	\$3,836,922
% of <b>Total</b> Expenditures.....	1.0%	1.3%	1.0%
<b>! Cost of Property and Equipment.....</b>	<b>\$337,851,681</b>	<b>\$326,996,853</b>	<b>\$314,873,302</b>

SELECTED ACTIVITY MEASURES	CALENDAR YEAR		
	1996	1995	1994
<b>! Passenger Car Plates.....</b>	7,357,911	7,436,114	6,976,016
<b>! Truck and Bus Plates.....</b>	1,569,895	1,097,666	1,326,868
<b>! Driver's Licenses.....</b>	4,127,848	3,084,307	2,943,107
<b>! Driver's Histories.....</b>	6,109,259	4,670,353	4,603,505
<b>! Registered Corporations.....</b>	293,524	284,761	275,380
<b>! Equity Securities Registered (billions).....</b>	\$53.4	\$56.4	\$54.9

**AGENCY HEAD(S)**

During Audit Period: Honorable George H. Ryan  
Currently: Honorable George H. Ryan

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**SPECIAL LICENSE PLATE FUNDS NOT  
DISTRIBUTED TO COLLEGES AND  
UNIVERSITIES**

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**As of January 1, 1997  
\$11,000 accumulated in the  
fund was not distributed**

The Office of the Secretary of State did not distribute funds collected from the sale of collegiate license plates to the respective schools on the date required by statute. The Illinois Vehicle Code (625 ILCS 5/3-629) requires the Secretary of State to distribute all moneys in the State College and University Trust Fund on January 1 of each year. As of January 1, 1997 (the initial distribution date) \$11,000 accumulated in the fund was not distributed. As of June 30, 1997, the undistributed fund balance had grown to \$50,575. (Finding 1, page 33)

Secretary of State personnel did not initially segregate license plate sales by college. We recommended the Secretary of State maintain records of the sale of collegiate plates in sufficient detail to distribute the money on or before January 1 of each year as required by statute. The Secretary of State accepted this finding and stated that 1996 calendar year receipts have been sorted and categorized for each public and private institution in order to account for collegiate plate sales on a calendar year basis. The response also states that legislative changes are needed to distribute funds to the public institutions.

**CHECKS ISSUED WITHOUT PROPER  
AUTHORITY**

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**Five checks totaling \$1,725  
were issued without the  
required two signatures**

A Secretary of State official issued checks from a locally held account without proper authority. Two signatures are required on the checks to authorize disbursements. Our testing of 94 disbursements from the Department of Police evidence fund disclosed five checks totaling \$1,725 were issued with only one signature. While we noted no impropriety or loss of funds during our testing, disbursements without proper authorization create the potential for misuse of State funds. (Finding 2, page 35)

We recommended the Secretary of State Department of Police review internal practices related to

the issuance of checks to ensure compliance with State statute. The Secretary of State accepted this finding and stated that depositories will again be formally notified not to accept checks unless both signatures are present and that future orders of checks will require a printed notation that two signatures are required.

### **INADEQUATE RECORDS OF FORFEITED PROPERTY**

The Secretary of State Department of Police did not maintain adequate records of various pieces of equipment obtained through forfeiture. The Department obtains automobiles, weapons, and other property through forfeiture and maintains a file for each item. However, the Department does not maintain a comprehensive inventory listing of such property.

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**No file was available for one weapon and two weapons were not available in inventory because they had been sold**

As of June 30, 1997, the Department had 10 weapons and 23 vehicles obtained through court-ordered forfeitures. In testing, we noted no file was available for one weapon, and two weapons selected for verification were not available in inventory. They had been sold and Department files had not been updated. Accurate inventory records should be maintained by the Department of Police to demonstrate accountability and to deter misuse or theft of State property. (Finding 3, page 36)

We recommended the Secretary of State Department of Police prepare a current inventory listing of property on hand and update the list for future additions and disposals of property. The Secretary of State accepted this finding stating the record of all forfeited properties was updated as of October 31, 1997 and future forfeited properties will be assigned a property control number.

### **MATTERS FOR CONSIDERATION BY THE GENERAL ASSEMBLY - FAMILY FINANCIAL RESPONSIBILITY ACT AND ALTERNATE FUELS ACT**

#### **IMPLEMENTATION OF THE FAMILY FINANCIAL RESPONSIBILITY ACT HAS BEEN INEFFECTIVE**

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**Ineffective implementation of**

The Illinois Vehicle Code (625 ILCS 5/7-101) states

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**the Family Financial  
Responsibility Act**

an individual driver's license shall be suspended if the person is 90 days or more delinquent in court-ordered child support *and* has been found in contempt by the court for failure to pay the support.

Since July 1, 1996, the Secretary of State has received only 439 court orders to suspend drivers' licenses under the Act. As of October 31, 1997, there were 171,293 child support cases which met the 90-day delinquency criteria (delinquency debt \$1.3 billion). Secretary of State officials said the courts do not apply contempt charges in all cases or in a consistent manner. (Matter for Consideration by the General Assembly, page 44)

The General Assembly may wish to consider reviewing the reasons for the ineffective implementation of the Family Financial Responsibility Act. Statutory clarification or amendment may be warranted to ensure more consistent application.

**FLEET REGISTRATION FEES NOT COLLECTED**

The Secretary of State did not collect fees for the registration of any fleet of 10 or more vehicles owned or operated in the Chicago area as required by the Alternate Fuels Act.

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**Database does not identify  
fleet owners of 10 or more  
vehicles or by township**

Beginning in fiscal year 1996, the Alternate Fuels Act (415 ILCS 120/35) required the Secretary of State to collect an annual \$20 user fee per vehicle for the registration or operation of a fleet of 10 or more vehicles in specific Chicago area townships. Secretary of State officials said fees were not collected because the current vehicle registration database does not identify fleet owners of 10 or more vehicles and identifies vehicle ownership by zip code, not area of operation. Therefore, they could not be certain the collection of fees could be fairly administered. The General Assembly may wish to consider reviewing the reasons for the difficulty of implementation of the Alternate Fuels Act. (Matter for Consideration by the General Assembly, page 45)

In the meantime, the Secretary of State should consider requesting owners of vehicle fleets to voluntarily remit the \$20 user fee along with their annual vehicle

registration. In addition, the Secretary of State could expand the information requested for vehicle registrations to provide a means for enforcing the Alternate Fuels Act.

### **OTHER FINDINGS**

The remaining findings were less significant and are being given appropriate attention by the Office of the Secretary of State. We will review progress toward implementing all recommendations in our next audit.

### **AUDITORS' OPINION**

Our auditors state the June 30, 1997 financial statements of the Office of the Secretary of State are fairly presented.

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WILLIAM G. HOLLAND, Auditor General

WGH:KMC:pp

### **SPECIAL ASSISTANT AUDITORS**

Kerber, Eck, & Braeckel LLP were our special assistant auditors for this audit.

