

# 2002

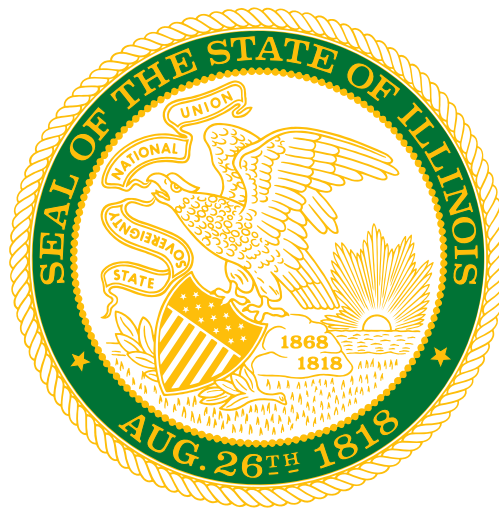
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Annual Report

## STATE OF ILLINOIS

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### OFFICE OF THE AUDITOR GENERAL



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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

March 1, 2003

Honorable Members of the General Assembly  
The Legislative Audit Commission  
The Honorable Rod R. Blagojevich, Governor  
Citizens of Illinois

Ladies and Gentlemen:

Enclosed is the Annual Report of the Auditor General's Office for the year ended December 31, 2002, submitted in compliance with Section 3-15 of the Illinois State Auditing Act.

In August, 2002, I embarked upon my second term of Office. I am grateful to the members of the Commission and the Legislature for their unanimous support. Over the years, my consistent commitment has been to present objective, balanced and independent audits. I renew that commitment every day I am in Office.

I thank all those who made possible the reported accomplishments, including, in particular, members of the General Assembly, members and staff of the Legislative Audit Commission, and the staff of the Auditor General's Office.

Yours truly,

A handwritten signature in black ink, appearing to read "William G. Holland". The signature is stylized and includes a long, sweeping line that extends upwards and to the right.

WILLIAM G. HOLLAND  
Auditor General

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## OVERVIEW

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Since August 1992, William G. Holland has served as Auditor General of the State of Illinois. He was appointed by the General Assembly to a ten-year term on July 2, 1992 and unanimously appointed to a second ten-year term, effective August 1, 2002.

As a constitutional officer, the Auditor General audits public funds of the State and reports findings and recommendations to the General Assembly and to the Governor. The establishment of the Auditor General under the Legislature is important. It ensures that the Legislature, which grants funds and sets program goals, will ultimately review program expenditures and results. Thus, agencies are accountable to the people through their elected representatives.

The Auditor General's office performs several types of audits to review State agencies. Financial and Compliance audits are mandated by law. They disclose the obligation, expenditure, receipt, and use of public funds. They also provide agencies with specific recommendations to help ensure compliance with State and federal statutes, rules, and regulations.

Performance audits are conducted at the request of legislators to assist them in overseeing government. Programs, functions, and activities are reviewed according to the direction of the audit resolution or law directing the audit. The General Assembly may then use the audit recommendations to develop legislation for the improvement of government.

Information Systems audits are performed on the State's computer networks. They determine whether appropriate controls and recovery proce-

dures exist to manage and protect the State's financial and confidential information.

Copies of all audits are made available to members of the Legislature, the Governor, the media, and the public. Findings include areas such as accounts receivable, contracts, expenditure control, leases, misappropriation of funds, personnel and payroll, property control, purchasing, reimbursements, computer security, telecommunications, and travel.

Audit reports are reviewed by the Legislative Audit Commission in a public hearing which includes the agency's officials. Testimony is taken from the agency regarding the audit findings and the plans the agency has for corrective action. In some cases, the Commission may decide to sponsor legislation to correct troublesome fiscal problems brought to light by the audit. All outstanding recommendations are reviewed during the next regularly scheduled audit of the agency; or, if the Commission requests, a special interim audit may be conducted. •

## **PUBLIC INFORMATION**

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An audit and its supporting workpapers, unless confidential by, or pursuant to, law or regulation, are public documents once the report has been officially released to the Legislature, the public, and the press. These documents are available for review in our Springfield and Chicago offices.

The following information is also available by request:

- Late Filing Affidavits
- Emergency Purchase Affidavits
- Professional or Artistic Services Affidavits
- Contractual Services Certifications

Information about the Auditor General is available on the Internet. This information includes current digests of financial/compliance audits and the year each Illinois state agency is audited. Also available is information on our performance and information systems audits.

***OUR INTERNET ADDRESS IS:***  
**<http://www.state.il.us/auditor>**

***OUR E-MAIL ADDRESS IS:***  
**[auditor@mail.state.il.us](mailto:auditor@mail.state.il.us)**

### ***PUBLIC INFORMATION IS AVAILABLE BY WRITING:***

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# *CONTINUING EDUCATION AND TRAINING REQUIREMENTS* ---

The U.S. General Accounting Office (GAO) has established the Yellow Book which contains standards for audits of governmental organizations, programs, activities, and functions. The first general standard in the Yellow Book requires that auditors should collectively possess adequate professional proficiency for the tasks required. This standard establishes continuing education requirements for those auditors who are responsible for planning, directing, conducting, or reporting on governmental audits performed in accordance with Yellow Book Standards.

This training requirement first became effective January 1, 1989 and states that auditors must complete 80 hours of Continuing Education and Training every 2 years, with a minimum of 20 hours in any one year. Additionally, at least 24 of the 80 hours should be in subjects directly related to the government environment and to government auditing. The most recent completed two-year period for training requirements as measured by the Office of the Auditor General was January 1, 2000 through December 31, 2002. All required auditors, audit directors, and information specialists were in compliance with the training requirements for that two year measuring period.

Additionally, the Office of the Auditor General is a registered sponsor with the Department of Professional Regulation and complies with the rules of the Illinois Public Accounting Act. •

# *THE COMPLIANCE AUDIT PROGRAM*

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The Auditor General is required by the Illinois State Auditing Act to conduct a financial and compliance audit of every State agency at least once every two years. These audits inform the public, the Legislature, and State officers about the obligation, expenditure, receipt, and use of public funds and provide State agencies with specific recommendations to help ensure compliance with State and federal statutes, rules, and regulations.

The Compliance Audit Division conducted 144 compliance, financial, federal, and special audits in 2002. Staff auditors conducted 15 of these audits. The remainder were performed by public accounting firms under the general direction and management of the Auditor General's audit managers.

The Illinois Constitution of 1970 revised and expanded the traditional financial audits conducted of State agencies to focus on compliance with legislative intent and proper performance of governmental operations, as well as financial accountability.

The compliance audit program has a positive impact on the operations of State government because agencies implement many of the recommendations made in these audits. Compliance audits are also reviewed by the Legislative Audit Commission where legislators question agency directors about audit findings and the corrective action they plan to take. Legislators and their staffs also use compliance audits during appropriation hearings in the spring legislative session. To maximize the usefulness of audit information, the Office attempts to deliver audits as early as possible in the legislative session. •

# ACCOUNTABILITY

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A number of compliance audits issued in 2002 had findings which were important from an accountability standpoint.

## GRANTS NOT AUDITED

The **Arts Council's** fiscal and grant departments did not perform compliance audits of grants during the two-year period ended June 30, 2001. Total grants awarded were \$14,317,074 in Fiscal Year 2001 and \$20,947,518 in Fiscal Year 2000.

The Agency's internal policy requires the fiscal and grant departments to audit a sample of grant reports each month.

We recommended the Agency perform audits of grants on a timely basis and consider incorporating sample size criteria into their existing policies.

The Arts Council agreed with our recommendation, stating now that adequate staff is in place, this procedure has been implemented. The desk review of grant close-out reports is being performed by an experienced accountant who checks all financial reports to determine that grant funds are accounted for and for compliance with match requirements of the grant. The second step of grant compliance review by program staff will be started by the end of January 2002 with a sample size of one out of ten grants awarded. The accountant will monitor the progress of the second audit step.

## UN SOUND CASH TRANSFER PROCEDURES

Receipts from the **State Board of Elections** were deposited into a personal checking account prior to transmittal to the State Treasury.

Occasionally, small amounts of cash were received in the Chicago office for various fees, materials and other miscellaneous items. The receipts were properly recorded in the receipts log. The cash receipts were placed into an employee's personal checking account. The employee then prepared a check payable to the State of Illinois and forwarded it to the State Treasury for deposit. Total cash receipts for the

fiscal year 2000 and 2001 did not exceed \$1,700 and \$600, respectively.

Proper accounting procedures and sound business practices prohibit employees from depositing State funds into their personal accounts.

We recommended the Board implement procedures to insure that cash receipts are deposited directly into a clearing account maintained by the State Treasurer.

Board officials responded that they will institute procedures to ensure that all Chicago office cash receipts, regardless of amount, will be promptly converted to a money order payable to the State of Illinois for deposit with the State Treasurer.

## HOUSING WAITING LIST PROCEDURES NOT FOLLOWED

The Department of Housing and Urban Development (HUD) requires certain developments to have "waiting lists" to ensure applicants are processed on a first come, first served basis. In addition to the HUD requirements, the **Illinois Housing Development Authority** imposes additional waiting list procedures to be included in a development's Tenant Selection Plan.

We reviewed waiting lists at 20 developments and found 5 were not in compliance with their development's Plan. The exceptions noted below are related to the Authority's requirements rather than HUD's requirements. We found:

- Applicants were not kept at the top of the list when a particular unit was unavailable.
- Procedures to ensure applicants were contacted and offered vacant units according to their position on the waiting list were not consistently applied.
- Applicants were not processed according to the development's plan.

According to Authority officials, development management may lack adequate knowledge of waiting list requirements or are negligent in



implementing procedures sufficient to ensure compliance with those requirements. The Authority requires developments to submit their plans for approval and has a policy in place that defines actions to be taken in the event of non-compliance. In addition, the Authority holds training classes throughout the year to instruct development management about waiting list procedures.

Authority officials indicated they review the plans in force at existing developments and, if deficiencies are discovered, development management is required to address and remedy the deficiencies according to the Authority's established policy.

We recommended the Authority continue to review the results and effectiveness of training classes on proper compliance with waiting list requirements, and stress those areas where plan deficiencies continuously exist. We also recommended the Authority distribute on an annual basis to all management companies in charge of monitoring developments the policy detailing actions to be taken by the Authority for non-adherence to plan list requirements.

Authority officials stated they would continue to review the results and effectiveness of the training classes on proper compliance with waiting list requirements and adjust their content as necessary.

## LACK OF COMPLIANCE WITH TRAVEL REGULATIONS AND POLICIES

The **Human Rights Commission** did not have adequate internal control over travel and did not adhere to travel control rules and regulations. Further, the Commission, which established a Corporate Travel System using a Government Charge Card, did not adequately monitor, control or document these expenditures.

Our review of 47 travel vouchers revealed the following:

- Supporting documentation for 20 of 47 travel vouchers (42.5%) was missing or incomplete.
- Information on the face of 11 travel vouchers

was lacking. Items direct billed using the credit card were missing from 10 vouchers. Other information missing from some vouchers included arrival and departure times and clear references to locations.

- Twenty-five vouchers (53.2% of sample) contained errors, unallowable charges, or other irregularities, such as: meals direct billed or included in lodging; charges for gasoline and mileage for the same trips; hotel charges in excess of the allowable State rate; charges for commuting from residences to headquarters; and meal rates and per diem rates used interchangeably.
- Other problems included non-travel related expenses direct billed to the Government Charge Card, one instance of commingling the Agency's account with an individual account, and on one voucher, only one person's signature was included.

The Commission agreed with our recommendation to follow the Governor's Travel Control Board regulations and establish a sound system of internal control over travel, and to seek recoupment of amounts paid in error to employees and Commissioners.

## ROYALTY RECEIPTS DEPOSITED INCORRECTLY

During our review of **Illinois State University** contracts, we noted the University entered into a 5-year agreement giving a financial services provider exclusive rights to market credit cards, charge cards, and travel and entertainment cards to alumni and students. In exchange, the University received \$1,375,000 in royalty receipts.

According to the contract, these royalty payments should have been deposited and accounted for as operating revenue of the University's local funds; instead, they were deposited into the Illinois State University Foundation and accounted for as operating revenue of the Foundation.

As a result of these cash royalties being inappropriately deposited and recorded by the Foundation, the University understated the accrual-basis revenue of its local funds activities by

\$275,000 in fiscal year 2001 and \$710,417 in prior fiscal years.

Correspondingly, the University's deferred revenue was understated by \$218,333 at June 30, 2001. This resulted in an overstatement of the Foundation's cash-basis revenues by \$171,250 in Fiscal Year 2001 and \$1,032,500 in prior years.

The royalties earned by the University, along with any earned interest, should have been reflected in the accounts and records of the University - rather than those of the Foundation.

According to University management, the royalties were deposited into the Foundation's accounts in order to segregate and maintain the funds for future use by Alumni services.

We recommended the University and Foundation correct the accounting of the contract's royalty income, including any interest. We also recommended the University review the stipulations of future contracts to determine proper accounting and depositing of the transactions.

University officials agreed with our recommendation to make the appropriate accounting entries to correct for the incorrect deposit of these funds into the University Foundation. These entries have been made and are fully incorporated into the Fiscal Year 2001 financial statements.

## IMPROPER ACCOUNTING OF \$1.8 MILLION LICENSE FEES

**Northern Illinois University** entered into an agreement which should have been recorded and accounted for as operating revenue to the University's Auxiliary Enterprise activity, but instead was improperly classified as a "donation" and deposited into and reported as part of the Northern Illinois University Foundation records.

The University entered into a ten-year Exclusive Rights agreement with a bottler which provides for a license fee of \$4 million over the contract period. The University had received \$1.8 million from the bottler and deposited the monies as a "donation" with its Foundation. Although being generated from the operation of the University's

auxiliary enterprises, the revenue was never recorded in its general ledger and records. Thus, the University and Foundation understated/overstated their books.

We recommended the University correct the accounting treatment of this Agreement as a University transaction (not the Foundation's) and follow the requirements of the "University Guidelines" adopted by the Legislative Audit Commission. We also recommended the University review the stipulations of future contracts to determine proper accounting and reporting of the transactions to ensure they are in accordance with established University Guidelines.

University officials agreed to report the license fee revenues in the University general ledger as recommended and stated preservation of the agreement for the benefit of the students is their primary concern. Their response also stated that given the enormous opportunity to obtain additional funding to support University students, especially in terms of increasing the number of scholarships available, the University decided to pursue an exclusive beverage contract. University officials further stated they considered this agreement a very unique opportunity that it had never had before, nor probably will ever have again. In particular, current procurement law (30 ILCS 500/20-50) prohibits public universities from soliciting and negotiating such agreements in the future. Therefore, this situation will not recur unless the law is changed.

## PREPAYMENT OF UTILITY BILLS

The **Secretary of State** did not have a formalized system for managing utility bill payments, resulting in the prepayment of utility bills of up to \$1.8 million during fiscal years 2000 and 2001. The Secretary of State pays for utility usage at the Capitol Complex and at several of its Springfield locations on a level payment plan.

During our review of 16 level payment accounts, we noted that the Secretary of State was prepaying its level payment plan utility bills several months in advance, thus carrying a significant prepaid balance during most of both fiscal years.

As of January 15, 2001, the prepaid balance was over \$1.8 million for 16 accounts, with \$1.7 million coming from just three of these accounts. For each of these three major accounts, the Secretary of State paid six monthly payments in September - October, 2000, and five monthly payments in January 2001.

Good business practice would require the Secretary of State to maintain a cash management system to ensure payments are made in a timely manner, and not sooner or later than required. When the Secretary of State pays its level payment plan utility bills in advance, the State in effect loses the interest it could have earned on the prepaid balance. Using a 4% interest rate, we computed the State lost approximately \$20,000 in interest in fiscal year 2001 alone by not managing the utility bill payments.

We recommended the Secretary of State implement cash management procedures to pay its utility bills in a timely manner, soon enough to ensure continued service, and in a manner that avoids large prepaid balances and a loss of interest to the State.

Agency officials responded that they accepted our recommendation and stated the Secretary of State will process vouchers for utility payments in the term or near term for which they are due to comply with proper cash management procedures.

## INADEQUATE CONTROL OF CASH RECEIPTS AND CASH PAYMENTS TO CONTRACTORS

The **State Fair's** Grandstand Ticket Office did not maintain adequate control of cash receipts and cash payments to contractors. During our audit we noted the following:

The Office collects ticket sales for a lessee and then remits those proceeds directly to the lessee. The Office failed to maintain adequate records for cash payments to a lessee of \$94,940 and \$89,385 for the 2001 and 2000 State Fairs, respectively. The Office did not consistently retain bank deposit receipts or receipts for direct cash remittances to the lessee.

Although daily cash drawer reconciliations were

performed, a cumulative cash receipts ledger was not maintained to reconcile the total ticket sales received and the total amount deposited.

The Office did not obtain signed documentation verifying a \$7,150 cash payment to an entertainer for a 2001 State Fair concert.

Twelve payments totaling \$496,659 were paid to entertainers for the 2001 State Fair from the imprest account without an accompanying "request to pay document" as required by SAMS Procedure 33.10.10. Consequently there was no documentation of who received the check for the entertainers.

Department personnel stated that the lack of procedures to obtain signed documentation of cash payments or to perform cumulative reconciliations of cash receipts was due to an oversight. Also, Department personnel stated that they were unaware of the SAMS requirement to complete a "request to pay" document for imprest disbursements.

Department officials accepted our recommendation to establish internal controls documenting all disbursements and to reconcile cash receipts to deposits.

## COMPETITIVE BIDDING NOT USED TO PURCHASE EQUIPMENT

The **Department of Human Services** purchased 63 fax machines costing \$70,885 during fiscal year 2001 to maintain "in stock". These machines were purchased using eight separate purchase orders to ensure each individual purchase was under the \$10,000 threshold, which would require a written contract. The total also exceeded the \$25,000 bidding threshold required by the Illinois Procurement Code.

Out of the 63 fax machines purchased for stock during fiscal year 2001, 29 remained idle in the Department's warehouse for periods in excess of five months after the receipt date. This included 9 machines that were still in the warehouse and had not been placed into service as of February 15, 2002.

The Department made orders for equipment out of current appropriation authority, knowing the items would not be utilized until well into the next fiscal year. Two orders totaling \$19,500 for a total of twenty fax machines for stock at the warehouse were paid with fiscal year 2001 funding, even though both purchase orders were dated in July, FY 2002, and the items were not received until the lapse period.

The Illinois Procurement Code requires that all equipment purchases exceeding \$25,000 be awarded by competitive bid. In addition, the Code prohibits "stringing" of purchases and states, "Procurements shall not be artificially divided so as to constitute a small purchase..." and thus avoid competitive bid.

Department personnel stated they were purchasing fax machines compatible with other Department equipment and supplies. They also stated they should have requested an exception through the Department of Central Management Services (CMS) but failed to do so due to oversight.

We recommended the Department adhere to all procurement and purchasing requirements to ensure all purchases have the necessary contracts and meet all requirements of the bidding process. We also recommended the Department establish a policy to ensure all items covered by joint purchasing contracts are purchased accordingly.

Department officials accepted our recommendation and stated the department is currently purchasing fax machines from CMS' master contract.

## **DELINQUENT TAX RETURNS**

The **Department of Revenue** received estimated tax payments from businesses in calendar year 1998, 1999 and 2000 but did not receive an annual tax return from these businesses. The Department does not have adequate controls in place to notify all taxpayers of delinquent annual business tax returns or to determine why an annual return was not received.

Department personnel indicated that they do not have an automatic process that notifies delinquent

taxpayers. In addition, Department officials noted they have struggled with the issue of a Business Income Tax Non-filer Program for many years and the cost-effectiveness of the program remains questionable to Department policy makers.

We recommended the Department implement a system to monitor the receipt of business tax returns and take appropriate action to determine why businesses that paid estimated payments did not file an annual tax return.

Department officials state that historically they have found this type of activity to be a very non-productive line of pursuit, as there were other areas which have produced greater results, both monetarily and from an enforcement standpoint. However, the Department has initiated a study to determine the viability of redirecting resources from other enforcement activities to this area. •

# FEDERAL AUDITING

## STATEWIDE SINGLE AUDIT UPDATE

The purpose of the Statewide Single Audit is to fulfill the State mandate in accepting federal funding. It includes all State agencies that are part of the primary government and expend federal awards. In total, 39 Illinois State agencies expend federal financial assistance in FY 01.

The schedule of expenditures of federal awards reflects total expenditures of \$12.2 billion for the year ended June 30, 2001. Overall, the State participated in 304 different federal programs; however, 10 of these program or program clusters accounted for approximately 81% of these expenditures.

Five federal agencies provided Illinois with the vast majority of federal funding in FY 01.

<b>U.S. FEDERAL AGENCIES PROVIDING FEDERAL FUNDING</b>	
<i>For the year ended June 30, 2001</i>	
<i>U.S. Department</i>	<i>Millions</i>
Health of Human Services	\$6,376.9
Labor	\$1,769.4
Agriculture	\$1,460.7
Education	\$1,094.5
Transportation	\$1,042.3
All Others	\$428.6
<b>Total Federal Award Expenditures</b>	<b>\$12,172.4</b>

Source: FY 01 State of Illinois Single Audit Report.

Overall, nine State agencies accounted for approximately 97% of all federal dollars spent.

<b>SUMMARY OF FEDERAL SPENDING BY STATE AGENCY</b>	
<i>For the year ended June 30, 2001</i>	
<i>Agency</i>	<i>Millions</i>
Public Aid	\$4,361.8
Human Services	\$2,240.4
Employment Security	\$1,751.5
Board of Education	\$1,438.2
Transportation	\$1,011.7
Children & Family Services	\$496.5
Commerce & Community Affairs	\$210.2
Environmental Protection Agency	\$185.4
Student Assistance Commission	\$165.8
All Others	\$310.9
<b>Total Federal Spending</b>	<b>\$12,172.4</b>

Source: FY 2001 State of Illinois, Supplemental Report of Federal Expenditures by Agency/Program/Fund.

Our audit testing focused primarily on the 42 programs expending more than \$11.1 billion in federal awards.

Our report contained 50 findings related to 12 State agencies.

Using a Statewide threshold for audit coverage reduced costs to State agencies overall and lessened the amount of time that many individual State agencies put into the external audit effort.

## PEER REVIEW

Peer review is an external quality control review conducted every three years by audit professionals from across the United States who are selected by the National State Auditors Association. The peer review helps to ensure that our procedures meet all required professional standards, comply with Government Auditing Standards and produce reliable products for the agencies we audit.

The July 2002 peer review of the Auditor General's audit processes resulted in an unqualified (clean) opinion. Additionally, the peer review team did not note any deviations from professional standards that would have required a written letter of comments. Our prior peer reviews, conducted in 1996 and 1999, likewise resulted in an unqualified opinion.

## OTHER AUDIT RESPONSIBILITIES

The Auditor General is required by law to annually review the Comptroller's Statewide accounting system. This review is accomplished through the Office's audit of the State Comptroller, and by ensuring that all agency audits are performed in accordance with the Auditor General's Audit Guide.

In addition, the Auditor General annually reviews the State Comptroller's pre-audit function which is required by law. Pre-audit is the primary control over expenditure voucher processing. The State Comptroller pre-audits financial transactions to determine if they are proper and legal. •

# THE PERFORMANCE AUDIT PROGRAM

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Performance audits are conducted at the request of legislators to assist them in their oversight function. Based on the scope specified in the resolution or the law requesting the audit, State agencies' programs, functions, and activities are reviewed. The audits determine if resources are used efficiently, economically, and effectively to provide services which the General Assembly intended. Depending on the focus, these audits are generally referred to as program or management audits.

Some audits produce immediate changes. In other instances, significant changes may not be seen for several years. The length of time it takes to see change is due to the process of transforming the audit findings and recommendations into legislative bills, converting bills into law, and the passing of time to see the effect of change.

For example, Public Act 92-821, approved August 21, 2002, enacted a grievance procedure for vehicles that are damaged by vehicle emissions tests. The procedure has significant involvement of the Illinois Environmental Protection Agency. Our 2001 Management Audit of the Illinois Environmental Protection Agency's Vehicle Emissions Testing Program recommended that the Agency be more involved in the damage claims process.

Performance audits also directly impact and improve agency operations. The Auditor General released five performance audits and one study in 2002. Those reports contained a total of 28 recommendations. State agencies generally accepted all of the audit recommendations to correct or improve operations. Additionally, in July 2002, the Management Audit of the Illinois State Board of Education and Other State Agencies Providing Funding to Illinois' Regional Offices of Education received a Recognition of Impact Award from the National Legislative Program Evaluation Society (NLPES). The award is given annually by NLPES for audit reports that demonstrate significant dollar savings, program improvements, and impact from a legislative and public perspective. The

Office previously received the NLPES Certificate of Recognition of Impact for the following audits:

- 2000 Management Audit of Child Support State Disbursement Unit;
- 1999 Management Audit of the Pilsen Little Village Community Mental Health Center; and
- 1998 Management Audit of Tuition and Fee Waivers. •

## AUDITS COMPLETED IN 2002

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### DEPARTMENT OF HUMAN SERVICES OFFICE OF THE INSPECTOR GENERAL

The Abused and Neglected Long Term Care Facility Residents Reporting Act requires the Office of the Auditor General to conduct a biennial program audit of the **Office of the Inspector General's** (OIG) compliance with the Act (210 ILCS 30/6.8). This was the seventh audit conducted of the OIG since 1990.

The Abused and Neglected Long Term Care Facility Residents Reporting Act requires the OIG to investigate allegations of abuse and neglect that occur in facilities operated by the **Department of Human Services** (DHS), as well as community agencies licensed, certified, or funded by DHS. In Fiscal Year 2002, DHS operated 19 State facilities and licensed, certified, or funded over 400 community agencies.

The audit concluded the following:

- Timeliness of investigations had improved significantly since our last audit. In Fiscal Year 2002, 46 percent of cases were completed within 60 calendar days while in Fiscal Year 2000 only 25 percent were completed within the 60-day requirement. In addition, the number of cases taking more than 200 days to complete has also decreased from 547 in Fiscal Year 2000 to 41 in Fiscal Year 2002. Although progress has been made, additional work is needed. Untimely investigations have been an issue in all seven OIG audits conducted by the Office of the Auditor General.
- The Inspector General and **State Police** need an interagency agreement that stipulates responsibilities for investigations. The OIG and Illinois State Police's relationship has been guided by Administrative Order 1999-3 to investigate all criminal allegations of State employees who work at any agency under the control of the Governor. The Administrative Order provides guidance related to allegations involving State employees but not other allegations against non-

State employees where evidence indicates a possible criminal act.

- Alleged incidents of abuse or neglect are not being reported to the OIG by facilities and community agencies in the time frames required by OIG administrative rule. During the second half of Fiscal Year 2002, 16 percent of facility cases and 50 percent of community agency cases were not reported within the OIG's reporting requirement.
- The Deputy Inspector General did not review all substantiated cases of abuse or neglect. Our fieldwork sample contained 18 substantiated cases of abuse or neglect. Twelve of the 18 substantiated investigations were completed by community agencies. None of these 12 cases were reviewed by the Inspector General, the Deputy Inspector General, or a designee.
- Although training of OIG investigators had improved in our last OIG audit, there were again problems in this audit period. In our previous OIG audits, we have had seven total recommendations on training in four of the audits.

The audit report contained eight total recommendations, seven related to the Office of the Inspector General and one recommendation to both the Offices of the Inspector General and the Illinois State Police. The OIG and State Police generally agreed with the recommendations.

### MANAGEMENT AUDIT OF ILLINOIS DEPARTMENT OF HUMAN SERVICES EARLY INTERVENTION PROGRAM

The Legislative Audit Commission adopted Resolution Number 122 in June 2001 directing the Auditor General to conduct an audit of the Early Intervention (EI) Program, examining the adequacy of its management information systems and contractor monitoring.

The Early Intervention (EI) Program provides services to children, birth to 36 months of age, who have disabilities due to developmental delay, have a medically diagnosed mental or physical



condition that typically results in developmental delay, or have been determined to be at risk of a substantial developmental delay. The EI Program is administered by the **Department of Human Services** (DHS).

Early Intervention Program data is maintained on two computerized management information systems: Cornerstone is a DHS case management system which contains information on EI clients, services authorized, and other case information; and the Central Billing Office (CBO) system contains information on services billed and paid. Additional reports from both the Cornerstone and CBO systems would be beneficial for Program management. We reconciled information from a Cornerstone report and reports from four Child and Family Connections offices (CFCs) and found significant inaccuracies in both reports.

DHS had not established an adequate system to monitor provider performance and received little information on the quality and timeliness of provider services. For example,

- As of December 2001, DHS had not investigated 69 of the 122 (57 percent) phone inquiries parents made to the Central Billing Office from July 2000 to June 2001 involving questions about the accuracy of provider claims paid by the State (such as services billed that were not received by the child).
- In our review of cases from six providers, five of whom had at least one of the above phone inquiries, 309 of the 1,066 (29 percent) services billed lacked documentation in the providers' case file to support the billing.
- As of February 2002, DHS had not followed up on \$735,000 in potential duplicate payments identified in a DHS internal audit of the CBO system.

We also identified areas where CFC agencies' use of State funds did not comply with federal and State requirements. At the three CFC agencies where we conducted detailed testing, we found instances where: compensation had not been taxed as wages; required personnel evaluations had not been completed; year-end salary adjust-

ments appeared to be a distribution of excess revenues; current fiscal year funds were used to pre-pay future fiscal year expenses; and recordkeeping of inventory could be improved.

The Department of Human Services agreed with the four recommendations made in the audit report.

## **THE VILLAGE OF ROBBINS' USE OF MUNICIPAL ECONOMIC DEVELOPMENT FUNDS**

The Public Utilities Act (220 ILCS 5/8-403.1) requires the Auditor General to conduct an annual financial, compliance, and program audit of distributions received by any municipality from the Municipal Economic Development Fund. Qualified solid waste energy facilities are required to pay into the Fund \$0.0006 per kilowatt hour of electricity for which payment was received during the previous month.

Each audit is to be for distributions from the Fund for the immediately preceding year. This audit, covering distributions during calendar year 2001, is the third audit conducted under this requirement.

The Village of Robbins was the only entity to receive distributions from the Fund. The audit concluded that:

- Robbins received \$263,184 from the Fund and earned \$5,370 in interest income for calendar year 2001.
- Robbins disbursed \$417,772 from Fund receipts. Our review of documentation provided by Robbins concluded that most calendar year 2001 expenditures of Fund receipts appear to be consistent with Public Utilities Act guidelines.
- We questioned whether an expenditure of \$46,000 met the requirements of the Public Utilities Act. This expenditure was part of a settlement payment to a plaintiff in a lawsuit against Robbins; as required by the Act, we referred this matter to the Attorney General.
- Although Robbins had adopted a spending policy for Fund receipts, the policy did not contain specific guidelines over expenditures or require justification to ensure that each expenditure meets the purposes specified in statutes.

## PROGRAM AND MANAGEMENT AUDIT OF THE ILLINOIS DEPARTMENT OF PUBLIC AID'S KIDCARE PROGRAM

Senate Resolution 152 required the Auditor General to conduct a program and management audit of the **Illinois Department of Public Aid's** KidCare program. The Resolution included nine determinations in the areas of eligibility and enrollment, marketing and outreach, and KidCare profiles.

The federal Balanced Budget Act of 1997 amended the Social Security Act to establish Title XXI - the State Children's Health Insurance Program (SCHIP). In response to the establishment of SCHIP at the federal level, Illinois Public Act 90-736 was signed into law on August 12, 1998 establishing the Children's Health Insurance Program Act (215 ILCS 106/1 et seq.) which is referred to as KidCare.

The Department of Public Aid has spent \$162 million for KidCare medical expenditures since the program was created in January 1998 through Fiscal Year 2001. An additional \$36.8 million has been spent on administrative expenditures of KidCare.

We identified 16 exceptions in the 92 KidCare case files that we reviewed, such as untimely redetermination of eligibility. We also identified enrollees in the Moms & Babies category who were neither mothers nor babies and enrollees who were adults in a category that should have included only children. Although some of these problems were minor, the Departments of Public Aid and Human Services should assure that KidCare eligibility is properly determined and that redeterminations are done when required.

Although Public Aid had no formal written or approved plan for marketing KidCare, over time a three-stage strategy developed: Overarching Outreach on a Statewide Basis; Promotions at the Community Level; and KidCare Application Agents. Public Aid had 76 contracts and paid \$9.5 million on outreach and advertising efforts for the KidCare program. They also paid \$2.9 million to KidCare Application Agents who receive \$50 for each complete approved application.

Public Aid included measurable deliverables in most of the KidCare contracts and had established a good system for monitoring KidCare marketing and outreach contracts; however, some improvement was still needed. Seventy-one of 76 contracts included measurable deliverables and 63 of the 70 contract files we reviewed were well monitored.

As directed by Senate Resolution 152, we prepared demographic profiles of KidCare enrollees and compared the overall health of KidCare enrolled children with other children. We identified some characteristics of KidCare enrollees and reported statistics from Public Aid and other sources on children's health measures.

The audit contained seven recommendations. The Departments of Public Aid and Human Services generally agreed with the recommendations.

## ILLINOIS DEPARTMENT OF HUMAN SERVICES EARLY INTERVENTION PROGRAM FOLLOW-UP REPORT OF THE OAG 1993 AUDIT

On August 9, 2001, Public Act 92-307 was signed into law. In addition to making significant changes in the **Department of Human Services'** operation of the Early Intervention Program, it directed the Office of the Auditor General to conduct a follow-up to its 1993 evaluation of the Early Intervention (EI) Program. The Public Act required the follow-up evaluation be completed by April 30, 2002.

The EI Program provides services to children, birth to 36 months of age, who have disabilities due to developmental delay, have a medically diagnosed mental or physical condition that typically results in developmental delay, or have been determined to be at risk of a substantial developmental delay. The EI Program is administered by the Department of Human Services (DHS).

Since our 1993 audit, significant changes were made to the operation of the EI Program, resulting in Program improvements. These changes included establishing a statewide system of Child and Family Connections offices (CFCs) for intake and service coordination responsibilities, establishing a Central Billing Office, and implementing a fee-

for-service payment system. There remained, however, areas where further improvements were warranted, including:

- **Child Find and Public Awareness:** The percentage of children participating in the EI Program has increased in recent years; however, rates of participation varied across the State. Additional outreach and public awareness efforts were necessary.
- **Availability of Providers:** In response to our survey, CFCs reported shortages of some types of EI providers; however, monthly reports filed by CFCs with DHS listed few children not receiving services due to the lack of providers. Also, the number of EI providers has increased.
- **Children Delayed in Receiving Services:** As of October 31, 2001, CFCs reported 1,196 children who were delayed in receiving services. Many of these children did not have an Individualized Family Service Plan (IFSP) prepared within the required 45 days. Family delays, such as parents not responding to inquiries, were reported as the primary reason for the delay in 52 percent of the cases.
- **Service Coordinator Caseloads:** Service coordinators' caseloads varied widely among CFCs, from a low of 34 to a high of 82 cases per service coordinator.

In June 2001, DHS implemented the Quality Enhancement (QE) process to help ensure that children receive appropriate, consistent, and quality interventions. The federal government raised concerns about the QE process. As a result, DHS had begun making revisions to the QE process.

While DHS had taken steps to improve Program planning, an overall long-term strategic plan for the Program had not yet been developed.

The Department of Human Services agreed with the eight recommendations made in the audit report.

## STUDY OF BIDDING SPECIFICATIONS ON STATE CONSTRUCTION CONTRACTS

Senate Resolution Number 147 directed the

Auditor General to study the effects of eliminating the five separate specifications for bidding on State construction contracts. The Illinois Procurement Code requires the **Capital Development Board** to use multiple prime contracting for projects over \$250,000 involving the construction or renovation of office buildings, prisons, warehouses, or other structures. The Procurement Code specifies the five prime contractors which are used if the work for two or more trades exceeds \$32,400 (see inset).

**Multiple Prime** - used by CDB to obtain competitive sealed bids from up to five prime contractors (trades) named in the Procurement Code:

- general
- electric
- heating/cooling
- plumbing, and
- ventilation

**Single Prime** - this method awards the project to one contractor who can sub-contract with various trades.

**Capital Development Board.** CDB said the single prime construction contracting method would be less expensive

but it was up to the General Assembly to decide which method should be used.

1. Cost Estimate. In March 2001, CDB's fiscal note for Senate Bill 735 said making masonry a separate (and sixth) prime would cost an additional \$45 million per year. In February 2002, CDB provided us a revised cost estimate of approximately \$3 million per year based on actual new appropriations for fiscal years 1999-2001.
2. Projected Savings. CDB stated that single prime would save the State a total of \$99 million over a project cycle (3 years). We could not corroborate CDB's estimates due to a lack of supporting documentation.
3. Internal Report. In 1997, a CDB report said that multiple prime contracting was five percent less expensive than single prime. CDB's current position is that multiple prime is 10% more expensive.
4. Test. CDB did a test in 1993 and obtained both single and multiple prime bids for two University of Illinois projects in Chicago. Both projects received higher bids of at least 5½ percent for single prime.

5. Data. CDB had difficulty providing us a list of construction projects and change orders for projects closed in fiscal year 2001. CDB officials said their system had difficulty extracting the data and they were in the process of upgrading their software.

Contractors. General contractors indicated cost would remain the same or decrease under single prime while the specialty contractors indicated cost would remain the same or increase under single prime.

States. In our mail survey, 26 of 32 responding states said they primarily used the single prime construction contracting method.

Design/Build. Design/build is a method which combines the contracts for architects and engineers (A/E) and construction into one contract. Over 80 percent (26 of 32) of the states responding to our mail survey used design/build for a small percentage of their projects.

\$250,000 Threshold. The Capital Development Board, **Department of Corrections, University of Illinois**, and A/E associations indicated that the \$250,000 threshold requiring multiple prime contracting was low. The \$250,000 threshold has not been adjusted for inflation since it was established in 1995.

Matter For General Assembly. The fiscal impact on the State, contractors, and subcontractors by changing to the single prime construction contracting method is not conclusive due to widely differing information. Therefore, the General Assembly may wish to consider establishing a pilot program that authorizes the Capital Development Board to use on a limited basis various construction contracting methods. •

# PERFORMANCE AUDITS IN PROGRESS

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## GROUP WORKERS COMPENSATION SELF-INSURED POOLS

The Legislative Audit Commission adopted Resolution Number 121 directing the Auditor General to conduct a management audit of the **Department of Insurance**, the **Office of the Special Deputy Receiver**, the **Illinois Industrial Commission** and any other State agency with regard to their responsibilities pertaining to Group Workers Compensation Self-insured Pools in the State. The Resolution asks the audit to determine:

- What activities are or were undertaken by any State agency to regulate, oversee manage or monitor the Pools;
- What information was available to those agencies concerning the financial condition of the Pools and the frequency, timeliness and comprehensiveness of such information;
- The process for reviewing financial reports and other information provided by the Pools in the years prior to their default and any actions undertaken by State agencies in response to that information prior to the Pool's insolvencies;
- What methods are available to the State to identify and cure deficiencies in the financial condition of Pools prior to their being placed in liquidation and whether those methods are effective; and
- The process for liquidating insolvent Pools, including asset protection, allocation of losses and payment of claims.

## TEACHERS ACADEMY FOR MATHEMATICS AND SCIENCE

House Resolution Number 304 directs the Auditor General to conduct a financial and management audit of the **Teachers Academy for Mathematics and Science**. The Resolution asks the Auditor General to determine:

- Whether some grants for the Teachers Academy for Mathematics and Science were made by the

**State Board of Education** from programs designed only for individual schools and school districts;

- Whether other grants for the Teachers Academy for Mathematics and Science made by the State Board of Education were in excess of their entitlement;
- Whether the Teachers Academy for Mathematics and Science has met goals it set with the State Board of Education in return for substantial increases in State funding; and
- Whether the substantial expenditure of State funds over the last 5 years on the Teachers Academy for Mathematics and Science has resulted in improvements in math and science scores at participating schools.

## STATE TOLL HIGHWAY AUTHORITY

Senate Joint Resolution Number 72, adopted June 2, 2002, directs the Office of the Auditor General to conduct a management audit of the **Illinois State Toll Highway Authority**. The audit shall:

- Determine whether the Tollway is managing or using its resources, including toll and investment-generated revenue, personnel, property, equipment, and space, in an economical and efficient manner.
- Make recommendations to correct any inefficiencies or uneconomical practices.
- Examine the process by which the Tollway collects, transports, counts, and deposits toll collections.

## GRADE CROSSING PROTECTION FUND

The Legislative Audit Commission adopted Resolution Number 123 directing the Office of the Auditor General to conduct a management audit of expenditures from the Grade Crossing Protection Fund.

The Grade Crossing Protection Fund includes the construction or reconstruction of rail highway grade separation structures, and statutory transfers to pay the **Illinois Commerce Commission's**

costs in administering its railroad safety program. The Fund also includes payment of costs apportioned by the Illinois Commerce Commission to the **Illinois Department of Transportation** for expenses related to the separation, installation, construction, reconstruction or relocation of grade crossings.

The Resolution asks that the audit include the following determinations:

- The amount and purpose of expenditures and transfers from the Grade Crossing Protection Fund in Fiscal Years 2001 and 2002, including administrative versus construction-related costs.
- Whether expenditures and transfers from the Grade Protection Fund made in Fiscal Years 2001 and 2002 appeared to be in conformity with applicable statutes.

## THE VILLAGE OF ROBBINS' USE OF MUNICIPAL ECONOMIC DEVELOPMENT FUNDS

Public Act 90-813 requires the Auditor General to conduct an annual financial, compliance and program audit of the distributions from the Municipal Economic Development Fund during the immediately preceding calendar year pursuant to Section 8-403.1 of the Public Utilities Act.

## CHICAGO AIRPORTS

Public Act 89-386, effective August 18, 1995, directs the Auditor General to "conduct a compliance and management audit of the City of Chicago and any other entity with regard to the operation of Chicago O'Hare International Airport, Chicago Midway Airport and Merrill C. Meigs Field." The law specifies that the audit shall include "an examination of revenues, expenses, and transfers of funds; purchasing and contracting policies and practices; staffing levels; and hiring practices and procedures."

On September 9, 1996, the City of Chicago filed a lawsuit against the Auditor General seeking to enjoin our efforts to carry out the audit required by Public Act 89-386.

In the fall of 2000, the Circuit Court held that the

1995 law passed by the General Assembly is unconstitutional. The Auditor General's Office appealed that holding directly to the Illinois Supreme Court and a hearing took place in November, 2001. As of year-end, we were awaiting a decision by that body. The Auditor General's Office is represented in this lawsuit by the Illinois Attorney General's Office.

## GRAIN INSURANCE FUND

The Legislative Audit Commission adopted Resolution Number 125 directing the Auditor General to conduct a management audit of the **Department of Agriculture** and the **Illinois Grain Insurance Corporation** with regard to the regulation of grain dealers and warehousemen and the administration of the Grain Insurance Fund. The Resolution asks the audit to determine:

- Whether there are sufficient resources in the Grain Insurance Fund, and if shortages exist, the plans to obtain funds needed to pay valid claims;
- Whether the rules established for processing claims filed against grain dealers and warehousemen who close or become insolvent are adequate; and
- Whether oversight of grain dealers and warehousemen, including the conduct of any audits, site examinations, or other reviews, is sufficient to protect the interests of grain producers, other grain dealers and warehousemen, and the State of Illinois.

## SURPLUS REAL PROPERTY

The Legislative Audit Commission adopted Resolution Number 126 directing the Auditor General to conduct a management audit of the **Department of Central Management Services'** administration of the State's space utilization program. The Resolution asks the audit to determine:

- Whether procedures are in place to adequately identify excess and surplus real property;
- Whether such procedures ensure that excess and surplus real property is reasonably considered in fulfilling State agencies' space needs; and

- Whether the process for disposing of surplus real property is adequate and timely.

## REGIONAL OFFICES OF EDUCATION AUDITS

In addition to other duties, in 2002, the Auditor General was given the responsibility for annual audits of the financial statements of all accounts, funds and other moneys in the care, custody or control of the regional superintendent of schools of each educational service region in the State. There are 48 total audits to perform, 45 are of offices called Regional Offices of Education or ROEs and 3 are of Intermediate Service Centers or ISCs. Public Act 92-544 changed the entity responsible for these audits in June 2002 from the **State Board of Education** to the Office of the Auditor General. Since June our office has arranged for auditing firms to perform these audits under the general direction and management of the Auditor General's audit managers. The first ROE audits conducted by our office will be released in 2003. •

# THE INFORMATION SYSTEMS AUDITS PROGRAM

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Computers are an integral part of State government, processing billions of dollars in financial transactions each year and helping control the operations of State agencies. Since financial transactions and confidential information are processed using computers, audits of information system activities are necessary to ensure that computer processing is secure and accurate.

## TESTING CONTROLS AND SYSTEMS

The Auditor General's office plans to review the information system controls of all the State agencies. In 2002, we reviewed the following agencies:

**Bureau of the Budget, Office of the Comptroller, Department of Employment Security, Department of Human Services, Illinois Industrial Commission, Department of Insurance, Department of Labor, Department of Nuclear Safety, Department of Public Health, Department of Revenue, Eastern Illinois University, Office of the Treasurer, Secretary of State, Supreme Court, University of Illinois, and Western Illinois University.**

As end-user computing and access to external entities proliferates in State government, the Auditor General has increased audit efforts in these areas. To enhance the control environment early in the implementation of statewide end-user computing, the Auditor General has emphasized the review of local and wide area networks, as well as internet and telecommunications security. These reviews have focused on the necessity of establishing consistent and effective security policies and programs on all computer systems.

The information systems audit staff also reviewed and tested the systems and procedures at the State's central computer facility operated by the **Department of Central Management Services**. Through its facilities, the Department provides data processing services to approximately 107 user entities throughout State of Illinois governmental agencies. Auditors tested the facility's controls and the application systems used by

many State agencies, such as accounting, payroll, inventory, and timekeeping.

Additional emphasis was placed on the use of Computer Assisted Audit Techniques (CAATs) in the application reviews. Computer programs were developed and executed to verify the integrity and validity of data. No major problems were identified with the data.

Controls at the central computer facility were generally adequate. However, we did recommend that the Department of Central Management Services ensure that disaster contingency resources and procedures are adequate for resumption of data processing following a disaster. •



## ISA FINDINGS

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Five agencies -- the **Department of Employment Security, Eastern Illinois University, Industrial Commission, State Universities Retirement System** and the **University of Illinois** -- did not have effective security controls for computer systems. Some of the available security features to safeguard information assets and to protect the integrity of information were not fully utilized by the agencies. Some of the significant control deficiencies were: programmers had access to production data; available security features and monitoring tools were not used; unique passwords were not always required; and passwords were not always required to be changed. We recommended that these agencies establish comprehensive security policies and procedures and implement suitable security parameters to protect information assets.

The **Industrial Commission** did not have an effective information technology strategic planning process and had not established a formal system development methodology or change control procedures to ensure that computer systems have integrity and meet the needs of the Commission. We recommended that the Commission establish a steering committee and develop a strategic information technology plan and develop a formal systems development methodology.

The **Secretary of State** did not perform required reviews of major information system changes and did not have an effective security administration function. We recommended that the Secretary of State perform a risk assessment to identify threats, vulnerabilities, and safeguards for information technology assets and ensure the Internal Audit Department conduct detailed reviews of significant information systems projects as required by statutes.

Multiple agencies, including the **Commerce Commission, Criminal Justice Information Authority, Department of Revenue, Eastern Illinois University, Illinois State University, Office of the Treasurer, Secretary of State, Toll Highway Authority**, and the **University of**

**Illinois** had weaknesses in disaster recovery planning for computer services. We recommended that these agencies assess the potential impact of a loss of computer services on the delivery of services and formalize and test disaster recovery plans.

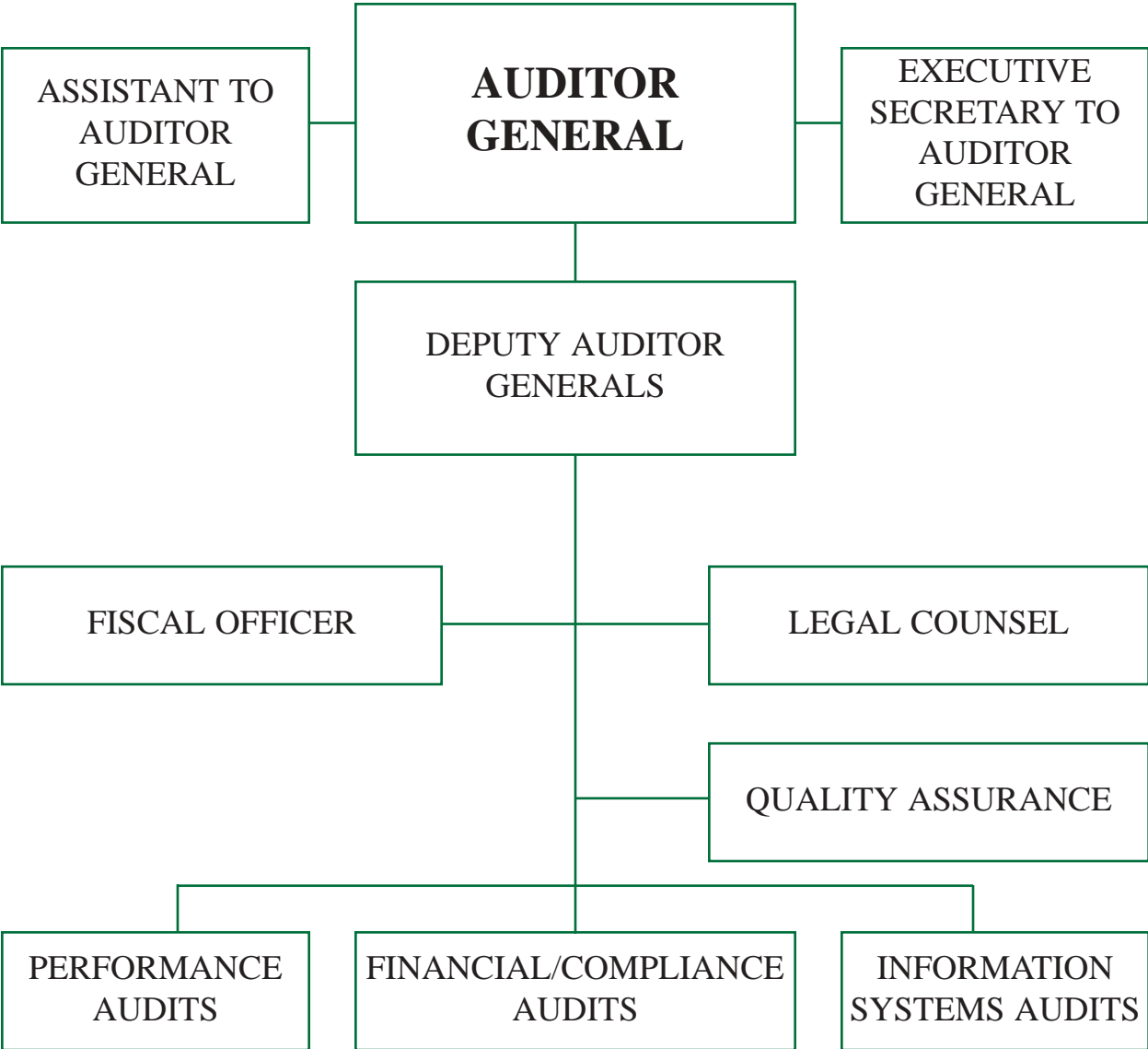
Agency officials generally concurred with our recommendations concerning these issues.

Information systems audit staff also reviewed the Generally Accepted Accounting Principles (GAAP) System at the Office of the Comptroller. This system is used to accumulate fiscal information from all State agencies into the State's comprehensive financial report. No significant problems were identified in the computational portion of the automated GAAP System.

The Information Systems Audit Division also provides audit staff and management with data processing support. •

**ORGANIZATIONAL CHART**

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**As of December 2002, there were 74 employees. Sixty six were located in the Springfield office and eight in the Chicago office.**

## CLAIMS DUE THE STATE AND METHODS OF COLLECTION

As required by law (30 ILCS 205/2 (k)), the Office of the Auditor General is reporting that there were no outstanding claims administered by the Office that were due and payable to the State as of December 31, 2002. The accounts receivables generated by our Office primarily represent billings to other State agencies for reimbursement of audit costs. Reimbursements for federal single audits are deposited into the General Revenue Fund. Reimbursements for audits not associated with federal single audits are deposited or transferred to the Audit Expense Fund. If normal collection methods fail, we request assistance from the Office of the Attorney General. To date we have never used the services of a private collection agency.

## SUMMARY OF APPROPRIATIONS AND EXPENDITURES

The Office of the Auditor General was funded by appropriations from the General Revenue Fund and Audit Expense Fund for fiscal year 2002 (July 1, 2001 to August 31, 2002, including lapse period).

<i><b>FY 2002 - FINAL</b></i>			
	<i><b>Appropriation</b></i>	<i><b>Expended</b></i>	<i><b>Balance</b></i>
Personal Services	\$ 3,778,000	\$ 3,674,770	\$ 103,230
Employee Retirement (Employer)	151,400	143,045	8,355
State Retirement	380,500	369,973	10,527
Social Security	290,000	270,170	19,830
Contractual Services	561,000	510,131	50,869
Travel	100,000	59,333	40,667
Commodities	20,300	8,361	11,939
Printing	20,000	17,953	2,047
Equipment	35,000	26,792	8,208
Electronic Data Processing	124,700	122,888	1,812
Telecommunications	75,000	61,668	13,332
Operation of Automotive Equipment	5,000	2,970	2,030
Audits/Studies/Investigations*	<u>12,798,617</u>	<u>10,667,911</u>	<u>2,130,706</u>
<b>TOTAL</b>	<b>\$18,339,517</b>	<b>\$15,935,965</b>	<b>\$2,403,552</b>

\*Audit Expense Fund

# FINANCIAL AND COMPLIANCE AUDITS

FOR THE PERIOD ENDING JUNE 30, 2001

F = Financial

C= Compliance

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>DATE RELEASED</i>
Alton Mental Health Center		x	04-30-02
Arts Council and Foundation	x	x	04-10-02
Attorney Registration and Disciplinary Commission	x	x	06-26-02
Board of Admissions to the Bar	x	x	04-25-02
Board of Higher Education	x	x	03-06-02
Bureau of the Budget	x	x	04-18-02
Capital Development Board	x		02-13-02
Center for Rehabilitation and Education		x	04-30-02
Chester Mental Health Center		x	04-30-02
Chicago Read Mental Health Center		x	04-30-02
Chicago State University	x	x	06-26-02
Chicago State University Foundation		x	06-26-02
Choate Mental Health Center		x	04-30-02
Civil Service Commission		x	03-06-02
Commission on Intergovernmental Cooperation		x	06-26-02
Comptroller - Fiscal Officer	x	x	03-28-02
Correctional Industries	x		02-13-02
Court of Claims	x	x	04-10-02
Criminal Justice Information Authority	x	x	04-10-02
DCMS - Deferred Compensation Plan - 12/31/01	x		08-29-02
Deaf and Hard of Hearing Commission	x	x	06-26-02
Department of Agriculture	x	x	04-25-02
Department of Central Management Services	x		02-13-02
Department of Employment Security	x		03-12-02
Department of Human Rights	x	x	08-29-02
Department of Human Services - Central Office	x	x	04-30-02
Department of Insurance	x	x	02-21-02
Department of Labor	x	x	02-21-02
Department of Lottery	x	x	02-21-02
Department of Nuclear Safety	x	x	03-06-02
Department of Professional Regulation	x	x	03-12-02
Department of Public Aid	x		04-25-02
Department of Public Health	x	x	03-12-02
Department of Revenue	x	x	04-10-02
Department of Transportation	x		03-12-02
Development Finance Authority	x	x	03-26-02
Distance Learning Foundation	x	x	03-28-02
Drycleaner Environmental Restoration Trust Fund Council	x	x	04-03-02
DuQuoin State Fair	x	x	06-26-02
Eastern Illinois University	x	x	03-15-02
Eastern Illinois University Alumni Association	x	x	03-15-02

<b>AGENCY</b>	<b>F</b>	<b>C</b>	<b>DATE RELEASED</b>
Eastern Illinois University Foundation	x	x	03-15-02
Economic and Fiscal Commission		x	06-26-02
Educational Facilities Authority	x	x	04-03-02
Educational Labor Relations Board	x	x	04-03-02
Elgin Mental Health Center		x	04-30-02
Emergency Management Agency	x	x	04-18-02
Farm Development Authority	x	x	04-03-02
Fox Developmental Center		x	04-30-02
General Assembly		x	06-26-02
General Assembly Retirement System	x		01-30-02
General Assembly Retirement System		x	02-28-02
Governors Commission on the Status of Women		x	03-28-02
Governors State University	x	x	03-26-02
Governors State University Alumni Association	x	x	03-26-02
Governors State University Foundation	x	x	03-26-02
Guardianship and Advocacy Commission	x	x	06-26-02
Health Facilities Authority	x	x	04-03-02
High School Association		x	04-10-02
Housing Development Authority	x	x	03-26-02
Howe Developmental Center		x	04-30-02
Human Rights Commission	x	x	08-29-02
Illinois Building Commission	x	x	02-07-02
Illinois Commerce Commission	x	x	02-21-02
Illinois Conservation Foundation	x	x	02-13-02
Illinois Gaming Board	x	x	04-10-02
Illinois Grain Insurance Corporation	x	x	04-25-02
Illinois Labor Relations Board		x	03-06-02
Illinois Math and Science Academy and Fund	x	x	04-03-02
Illinois Council on Developmental Disabilities	x	x	03-12-02
Illinois Petroleum Resources Board	x	x	02-07-02
Illinois State Fair	x	x	06-26-02
Illinois State University	x	x	03-19-02
Illinois State University Foundation	x	x	03-19-02
Illinois Student Assistance Commission	x	x	04-18-02
Illinois Supreme Court	x	x	03-06-02
Industrial Commission	x	x	06-26-02
Jacksonville Developmental Center		x	04-30-02
Judges Retirement System	x		01-30-02
Judges Retirement System		x	02-28-02
Kankakee River Valley Area Airport Authority	x	x	02-07-02
Kiley Developmental Center		x	04-30-02
Legislative Audit Commission		x	06-26-02
Legislative Printing Unit		x	06-26-02
Legislative Reference Bureau		x	06-26-02
Legislative Research Unit		x	06-26-02

<i><b>AGENCY</b></i>	<i><b>F</b></i>	<i><b>C</b></i>	<i><b>DATE RELEASED</b></i>
Lincoln Developmental Center		x	04-30-02
Literacy Foundation	x	x	03-28-02
Ludeman Developmental Center		x	04-30-02
Mabley Developmental Center		x	04-30-02
Madden Mental Health Center		x	04-30-02
Marriage Divisions of the Illinois Courts		x	03-06-02
McFarland Mental Health Center		x	04-30-02
Metro. Pier and Exposition Authority		x	04-25-02
Murray Developmental Center		x	04-30-02
Northeastern Illinois University	x	x	03-26-02
Northeastern Illinois University Foundation	x	x	03-26-02
Northern Illinois University	x	x	03-15-02
Northern Illinois University Alumni Association	x		02-07-02
Northern Illinois University Foundation	x		02-07-02
Office of the Governor	x	x	03-28-02
Office of the Lieutenant Governor	x	x	03-28-02
Pension Laws Commission		x	06-26-02
Prairie State 2000 Authority	x	x	06-26-02
Rural Bond Bank	x	x	04-03-02
School for the Deaf		x	04-30-02
School for the Visually Impaired		x	04-30-02
Secretary of State	x	x	03-28-02
Shapiro Developmental Center		x	04-30-02
Singer Mental Health and Developmental Center		x	04-30-02
Southern Illinois University	x	x	04-25-02
Southern Illinois University Carbondale - Alumni Assoc.	x	x	03-19-02
Southern Illinois University Carbondale - Foundation	x	x	03-19-02
Southern Illinois Univ. Edwardsville - Alumni Assoc.	x	x	03-19-02
Southern Illinois University Edwardsville - Foundation	x	x	03-19-02
Southern Illinois University Physicians and Surgeons	x	x	04-25-02
Southern Illinois University - University Park	x	x	03-19-02
Space Needs Commission		x	06-26-02
State Board of Education	x		03-12-02
State Board of Elections		x	04-10-02
State Board of Investment	x		01-30-02
State Board of Investment		x	02-28-02
State Employees' Retirement System	x		01-30-02
State Employees' Retirement System		x	02-28-02
State Universities Retirement System		x	01-30-02
State Universities Retirement System		x	02-28-02
Statewide Single Audit	x		06-27-02
Summer School for the Arts	x	x	06-26-02
Teachers' Retirement System	x		01-30-02
Teachers' Retirement System		x	02-28-02
Teachers' Pension and Retirement System - Chicago		x	04-10-02

<b>AGENCY</b>	<b>F</b>	<b>C</b>	<b>DATE RELEASED</b>
Tinley Park Mental Health Center		x	04-30-02
Toll Highway Authority - 12/31/01	x	x	08-29-02
Treasurer - Bright Start College Savings Pool	x		02-13-02
Treasurer - Fiscal Officer	x	x	03-28-02
Treasurer - Illinois Funds	x		02-13-02
Treasurer - Non-fiscal officer	x	x	03-28-02
Universities Civil Service Commission	x	x	04-03-02
University of Illinois	x	x	03-15-02
University of Illinois Alumni Association	x		02-07-02
University of Illinois Foundation	x		02-07-02
University of Illinois - HMO 8/31/01	x	x	02-07-02
University of Illinois - Prairieland Energy, Inc.	x		02-07-02
University of Illinois - -Research Park LLC	x		02-07-02
University of Illinois - Ventures LLC	x		02-07-02
University of Illinois - Wolcott Wood & Taylor, Inc.	x		02-07-02
Western Illinois University	x	x	03-15-02
Western Illinois University Foundation	x	x	03-15-02
Zeller Mental Health Center		x	04-30-02

# PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS

## AUDITS IN PROGRESS

- Chicago Airports
- Grade Crossing Protection Fund
- Grain Insurance Fund
- Group Workers Compensation Self-Insured Pools
- Surplus Real Property
- Teachers Academy for Mathematics and Science
- Toll Highway Authority

12/02	DHS Office of the Inspector General	12/98	DHS: Inspector General
8/02	Village of Robbins' Use of Municipal Economic Development funds	9/98	Comptroller's Offset System
8/02	Department of Human Services' Early Intervention Program	6/98	Nursing Home Prescreening
7/02	Department of Public Aid's KidCare Program	5/98	IDOT's Road Construction Program
4/02	Department of Human Services Early Intervention Program Follow-up	4/98	Tuition & Fee Waivers
4/02	States Construction Contracting Methods	5/97	Professional Regulation - Physicians Regulated Under the Medical Practices Act
1/02	Agency Use of Internet User Technology	12/96	DMHDD - Office of the Inspector General
10/01	EPA's Vehicle Emissions Testing Program	6/96	IHSA - Site Selection for Boys Basketball Finals
9/01	Illinois Health Facilities Planning Board	4/96	DMHDD - Reporting of Resident Abuse & Neglect
8/01	Board of Education and Other State Agencies Providing Funding to Regional Offices of Education	5/95	Summer Unemployment at State Universities
6/01	Village of Robbins' Use of Municipal Economic Development Funds	2/95	Laws Considered Obsolete
5/01	Tuition & Fee Waivers Follow-up	1/95	Public Aid's Child Support Program
12/00	DHS Office of the Inspector General	12/94	Office of the Inspector General
6/00	Municipal Economic Development Fund Distributions: Village of Robbins	6/94	Toll Highway: Helicopters
3/00	Department of Public Aid: Child Support State Disbursement Unit	6/94	DMHDD: Abuse & Neglect
11/99	Illinois Math & Science Academy	5/94	Correctional Industries
9/99	Department of Public Aid's Contracts with Delta Dental	5/94	Central Management Services: Telecommunications
8/99	Pilsen-Little Village Community Mental Health Center	3/94	Collection of Money from Circuit Clerks
7/99	Medicaid Home Health Care & Regulation of Home Health Agencies	1/94	State Housing Benefits
6/99	State Fire Marshal's Fire Investigations	5/93	Public Aid: Property Transfers
5/99	Illinois Health & Human Service Providers	4/93	Office of the Inspector General
		4/93	Early Intervention Services System
		4/93	User Fees
		11/92	DMHDD: Abuse & Neglect
		7/92	St. Anne's Lease
		6/92	State Police I-SEARCH Program
		5/92	Privatizing Weigh Stations
		4/92	Henry Horner's Children's Care
		3/92	Governor's Council on Health & Physical Fitness
		3/92	Case Management Practices
		1/92	State Legal Services
		11/91	State Regulation of Insurer Solvency
		8/91	High Education "Systems of Systems"
		7/91	Eastern Illinois University Coal Conversion Project
		6/91	Special Analysis: Build Illinois
		5/91	Availability of Obstetric Care
		5/91	Collection of Sales & Taxes Receivable



5/91	Property Forfeited Under the Illinois Controlled Substances Act	6/87	Cash Management Practices
3/91	Illinois Competitive Access & Reimbursement Equity Program	4/87	State Laboratory Services
3/91	Nutritional Services Paid by the Department of Children & Family Services	4/87	U of I Hospital & Affiliated Clinics
2/91	Illinois Multi-Year Fixed Contractual Obligations	4/87	Chicago's Use of State Appropriated Funds
2/91	Administrative Citations: Environmental Protection Agency	10/86	State Pensions Assets Investment Performance
10/90	Project Chance Evaluation Contract	10/86	CMS - Lottery Building Lease
10/90	Frequent Flyer Programs	10/86	Property Management Problems - Mental Health Centers
8/90	Parents Too Soon Program	5/86	Illinois Preferential Procurement Programs
7/90	State University Tuition & Fee Policies & Practices	4/86	State Toxicology Lab
7/90	Debt Collection Practices of Illinois & Other States	4/86	Legislative Printing Unit
5/90	DMHDD: Abuse & Neglect	4/86	Engineering Programs in Illinois - NIU
4/90	Veterans' Affairs Field Office Closures	3/86	Claims & Accounts Receivable
3/90	Illinois Competitive Access & Reimbursement Equity Program	3/86	Capital Development Board: Construction of the State of Illinois Center
1/90	Public Aid's-Delta Dental	2/86	Illinois Commerce Commission
12/89	Regional Transportation Auth.	2/86	Advisory Boards & Commissions
11/89	Illinois Sports Facilities Authority & the Chicago White Sox	11/85	Data Security Practices
11/89	Five State Retirement Systems' Financial Status	11/85	Hazardous Waste Management
10/89	Feasibility of Consolidating State Revenue Bond Agencies	9/85	Management & Collection of Claims Receivable
7/89	Commerce & Community Affairs' Economic Development Programs	3/85	Perinatal Medical Care
5/89	EPA's Hazardous Waste Management Program	10/84	State Employee Travel
4/89	Selected Auditor Comparability: Jobs & Pay	10/84	Feasibility Study: Rock Island Co. Facility
2/89	AIDS Testing: Statutory Requirements & Costs	9/84	Employment Security Unemployment Insurance
1/89	Public Univ. Instructional Costs	8/84	Salaried Non-working Time Benefits
1/89	Vehicle Emissions Testing Program	8/84	Responsible Relative Requirements
10/88	U of I Athletic Association	5/84	Bd. of Investment: 5 State Retirement Systems
8/88	JTPA	10/83	Commerce Comm.: Management Audits of Public Utilities
7/88	Audit Status of Circuit Courts	5/83	Contractual Legal Services
6/88	Dept. of Revenue - Corporate Income Tax	4/83	Industrial Commission
5/88	State Program of Internal Auditing	12/82	Procurement Policies & Procedures
7/87	Computer Acquisition & Use in Higher Education	7/82	Criminal History Components
6/87	Chicago Housing Authority	4/82	Financing of Improvements of Rock Island State Park
		1981	Chicago Road Fund
		12/81	DMHDD: Region 2
		11/81	Procurement of Real Property
		10/81	Registration & Education: Investigation & Enforcement Functions
		1/81	Licensing & Regulation of Bingo
		1/81	Chicago Bd. of Education

12/80 Nursing Home Reimbursement System  
12/80 DCFS Day Care Activities  
11/80 Dept. of Personnel Management  
10/80 Public Aid's Local Office Management  
9/80 Licensing of Grain Dealers  
7/80 Illinois Fair Employment Practices  
Commission  
6/80 Sect of State Vending Services  
5/80 Coastal Zone Management  
1/80 Court of Claims  
1/80 Cook Co. Health & Hospitals •