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OFFICE OF THE AUDITOR GENERAL  
 WILLIAM G. HOLLAND

April 13, 2007

Legislative Audit Commission  
 622 Stratton Office Building  
 Springfield, IL 62706

Dear Members:

In accordance with section 3-15 of the Illinois State Auditing Act (30 ILCS 5/3-15), I hereby submit the report on the operations of the Office of the Auditor General for the third quarter of Fiscal Year 2007 ending March 31, 2007.

***FISCAL MATTERS***

<b><i>FY 2007 – THIRD QUARTER</i></b>				
	<b><i>Appropriation</i></b>	<b><i>Expended</i></b>	<b><i>Obligated</i></b>	<b><i>Balance</i></b>
Personal Services	\$ 4,500,000	\$ 3,413,027	\$ 0	\$ 1,086,973
State Retirement	518,600	393,831	0	124,769
Social Security	344,300	253,065	0	91,235
Contractual Services	764,200	474,849	123,131	166,220
Travel	80,000	47,223	0	32,777
Commodities	22,000	3,635	0	18,365
Printing	25,000	22,096	0	2,904
Equipment	65,000	14,344	17,710	32,946
EDP	90,000	28,869	15,210	45,921
Telecommunications	75,000	35,023	0	39,977
Oper. of Auto. Equip.	6,000	1,516	0	4,484
Audits/Studies/Invest.*	<u>18,109,995</u>	<u>8,754,865</u>	<u>4,610,840</u>	<u>4,744,290</u>
<b>TOTAL</b>	<b><u>\$24,600,095</u></b>	<b><u>\$13,442,343</u></b>	<b><u>\$4,766,891</u></b>	<b><u>\$6,390,861</u></b>
*Audit Expense Fund				

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## ***PERSONNEL***

	<u>01-01-07</u>	<u>Appointments</u>	<u>Separations</u>	<u>Transfers</u>	<u>03-31-07</u>
<b>Springfield</b>	<b>67</b>	<b>6</b>	<b>3</b>	<b>0</b>	<b>70</b>
<b>Chicago</b>	<b>10</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10</b>
<b>TOTAL</b>	<b><u>77</u></b>	<b><u>6</u></b>	<b><u>3</u></b>	<b><u>0</u></b>	<b><u>80</u></b>

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## ***CONTRACTS***

During the third quarter of Fiscal Year 2007 the Office of the Auditor General entered into fourteen financial/compliance audit contracts, one performance audit contract, one information systems audit contract and one administrative contract.

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## ***TRAINING***

During the third quarter of Fiscal Year 2007, OAG-sponsored training included:

- Illinois OAG Audit Policies and Procedures
- State Travel Vouchers

Additional external-sponsored training in which OAG staff participated included:

- Data Security
- Managing Multiple Priorities, Projects, and Deadlines
- Managing Internal Control with Compliance Technologies
- Enterprise Risk Management
- Macromedia Dreamweaver
- Effectively Assessing Risk and Controls
- Introduction to Effective Supervision
- Procurement Fraud

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## ***PERFORMANCE AUDITS***

<b><i>PERFORMANCE AUDITS IN PROGRESS</i></b>
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<b><i>AUDITS</i></b>	<b><i>ESTIMATED RELEASE DATE</i></b>
<ul style="list-style-type: none"><li>• Rend Lake Conservancy District Follow-up (<i>LAC No. 133</i>)</li></ul>	Spring 2007
<ul style="list-style-type: none"><li>• Performance Audit of State Moneys Provided By or Through State Agencies to the Illinois Hispanic Chamber of Commerce, Inc., and/or the Mexican American Chamber of Commerce of Illinois, Inc. (<i>Senate Resolution No. 631</i>)</li></ul>	Spring 2007
<ul style="list-style-type: none"><li>• Program Audit of Funding Provided By or Through the State of Illinois to CeaseFire Illinois (<i>Senate Resolution No. 686</i>)</li></ul>	Spring 2007
<ul style="list-style-type: none"><li>• Audit of Pilsen-Little Village Community Mental Health Center, Inc. (<i>House Resolution No. 1146</i>)</li></ul>	Spring 2007
<ul style="list-style-type: none"><li>• Study of Duplicate Programs (<i>LAC No. 130</i>)</li></ul>	Summer 2007
<ul style="list-style-type: none"><li>• Medicaid and Group Health Insurance Programs' Compliance with the Prompt Payment Act (<i>LAC No. 136</i>)</li></ul>	Winter 2007

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## ***REGIONAL OFFICES OF EDUCATION AUDITS***

Public Act 92-544, effective June 12, 2002, gave the Office of the Auditor General the responsibility for the conduct of 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. Previously, these audits were the responsibility of the Illinois State Board of Education. There are 48 total audits to perform; 45 are of Regional Offices of Education and 3 are of Intermediate Service Centers. As of March 31, 2007, 11 fiscal year 2006 audits had been released.

**FINANCIAL AUDITS, SINGLE AUDITS AND  
COMPLIANCE ATTESTATION EXAMINATIONS**

The following is a listing of financial audits, single audits and compliance attestation examinations for the period(s) ending June 30, 2006, September 30, 2006, December 31, 2006, and April 30, 2007. This list also includes four compliance examinations pertaining to the CTA, RTA, Metra, and Pace for the year ended December 31, 2005. As the year progresses the “date released” column will be completed.

**FINANCIAL AUDITS, SINGLE AUDITS AND COMPLIANCE  
ATTESTATION EXAMINATIONS FOR THE PERIOD(S) ENDING  
JUNE 30, 2006, SEPTEMBER 30, 2006, DECEMBER 31, 2006,  
AND APRIL 30, 2007**

*F = Financial Audits                      S = Single Audits                      C = Compliance Attestation Examinations*

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Attorney General			x	03-06-07
Capital Development Board				
Chicago State University	x			03-20-07
Chicago State University Foundation	x			02-21-07
Chicago Technology Park	x	x	x	03-22-07
Comptroller – Fiscal Officer	x		x	03-06-07
Comptroller – Non-Fiscal Officer			x	03-06-07
CTA (12/31/05)			x	03-15-07
Department on Aging				
Department of Central Management Services				
Department of Central Management Services (Deferred Compensation Plan) (12/31/06)				
Department of Children and Family Services				
Department of Commerce and Economic Opportunity				
Department of Corrections – General Office				
Dept. of Corrections, Correctional Center – <i>Big Muddy River</i>				
Dept. of Corrections, Correctional Center – <i>Centralia</i>				
Dept. of Corrections, Correctional Center – <i>Danville</i>				

**FINANCIAL AUDITS, SINGLE AUDITS AND  
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, Correctional Center – <i>Decatur Womens</i>				
Dept. of Corrections, Correctional Center – <i>Dixon</i>				
Dept. of Corrections, Correctional Center – <i>Dwight</i>				
Dept. of Corrections, Correctional Center – <i>East Moline</i>				
Dept. of Corrections, Correctional Center – <i>Graham</i>				
Dept. of Corrections, Correctional Center – <i>Hill</i>				
Dept. of Corrections, Correctional Center – <i>IL River (Canton)</i>				
Dept. of Corrections, Correctional Center – <i>Jacksonville</i>				
Dept. of Corrections, Correctional Center – <i>Lawrence</i>				
Dept. of Corrections, Correctional Center – <i>Lincoln</i>				
Dept. of Corrections, Correctional Center – <i>Logan</i>				
Dept. of Corrections, Correctional Center – <i>Menard</i>				
Dept. of Corrections, Correctional Center – <i>Pinckneyville</i>				
Dept. of Corrections, Correctional Center – <i>Pontiac</i>				
Dept. of Corrections, Correctional Center – <i>Robinson</i>				
Dept. of Corrections, Correctional Center – <i>Shawnee</i>				
Dept. of Corrections, Correctional Center – <i>Sheridan</i>				
Dept. of Corrections, Correctional Center – <i>Southwestern IL</i>				
Dept. of Corrections, Correctional Center – <i>Stateville</i>				
Dept. of Corrections, Correctional Center – <i>Tamms</i>				
Dept. of Corrections, Correctional Center – <i>Taylorville</i>				
Dept. of Corrections, Correctional Center – <i>Vandalia</i>				
Dept. of Corrections, Correctional Center – <i>Vienna</i>				
Dept. of Corrections, Correctional Center – <i>Western Illinois</i>				
Department of Corrections, Correctional Industries				
Dept. of Corrections, IL Youth Center – <i>Chicago</i>				
Dept. of Corrections, IL Youth Center – <i>Harrisburg</i>				
Dept. of Corrections, IL Youth Center – <i>Joliet</i>				

**FINANCIAL AUDITS, SINGLE AUDITS AND  
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Dept. of Corrections, IL Youth Center – <i>Kewanee</i>				
Dept. of Corrections, IL Youth Center – <i>Murphysboro</i>				
Dept. of Corrections, IL Youth Center – <i>Pere Marquette</i>				
Dept. of Corrections, IL Youth Center – <i>St. Charles</i>				
Dept. of Corrections, IL Youth Center – <i>Warrenville</i>				
Department of Employment Security				
Department of Financial Institutions				
Department of Healthcare and Family Services				
Department of Human Services	x			03-20-07
Department of Military Affairs				
Department of Natural Resources				
Department of Revenue	x		x	03-29-07
Department of Revenue – Gaming Board			x	03-29-07
Department of State Police				
Department of Transportation	x		x	03-20-07
Department of Veterans’ Affairs – General Office				
Drycleaner Environmental Response Trust Fund Council				
DuPage Water Commission (4/30/07)				
East St. Louis Financial Advisory Authority	x		x	03-22-07
Eastern Illinois University	x			01-24-07
Eastern Illinois University		x	x	03-20-07
Eastern Illinois University Alumni Association	x			11/29/06
Eastern Illinois University Foundation	x			11/29/06
Environmental Protection Agency				
Executive Ethics Commission			x	01-31-07
General Assembly – Retirement System	x			03-27-07
Governors State University	x			01-24-07
Governors State University		x	x	03-20-07

**FINANCIAL AUDITS, SINGLE AUDITS AND  
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Governors State University Alumni Association	x			01-18-07
Governors State University Foundation	x			01-18-07
Historic Preservation Agency				
Illinois Community College Board				
Illinois Conservation Foundation	x	x	x	03-22-07
Illinois Finance Authority	x			03-22-07
Illinois Housing Development Authority	x			11-16-06
Illinois Mathematics and Science Academy				
Illinois Mathematics and Science Academy Fund				
Illinois Medical District Commission				
Illinois Petroleum Resources Board				
Illinois State Board of Investment	x			03-27-07
Illinois State Toll Highway Authority – 12/31/06				
Illinois State University	x			03-20-07
Illinois State University		x	x	03-29-07
Illinois State University Foundation	x			01-24-07
Illinois State University Foundation			x	03-29-07
Illinois Student Assistance Commission	x		x	03-20-07
Illinois Student Assistance Commission Designated Account Purchase Program	x			03-20-07
Illinois Student Assistance Commission – Prepaid Tuition	x			02-21-07
Illinois Veterans’ Home – Anna				
Illinois Veterans’ Home – LaSalle				
Illinois Veterans’ Home – Manteno				
Illinois Veterans’ Home – Quincy				
Illinois Violence Prevention Authority			x	02-21-07
Illinois Workers’ Comp. Comm. – Self Insurer’s Fund	x			03-22-07
Joint Committee on Administrative Rules			x	02-15-07

**FINANCIAL AUDITS, SINGLE AUDITS AND  
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Judges Retirement System	x			03-27-07
Judicial Inquiry Board				
Kankakee River Valley Area Airport Authority				
Law Enforcement Training Standards Board			x	02-15-07
Legislative Ethics Commission			x	02-15-07
Legislative Information Systems			x	01-31-07
Legislative Inspector General			x	02-15-07
Metra (12/31/05)			x	03-15-07
Northeastern Illinois University	x			01-24-07
Northeastern Illinois University			x	02-15-07
Northeastern Illinois University Foundation	x			11-29-06
Northern Illinois University	x			01-31-07
Northern Illinois University		x	x	03-08-07
Northern Illinois University Alumni Association	x			11-29-06
Northern Illinois University Alumni Association			x	03-08-07
Northern Illinois University Foundation	x			11-29-06
Northern Illinois University Foundation			x	03-08-07
Pace (12/31/05)			x	03-15-07
Pollution Control Board			x	02-21-07
Prisoner Review Board				
Procurement Policy Board			x	02-15-07
Property Tax Appeal Board			x	01-31-07
RTA (12/31/05)			x	03-15-07
Secretary of State	x			03-06-07
Sex Offender Management Board				
Southern IL University	x	x	x	03-22-07
Southern IL University – Carbondale Alumni Association	x			02-08-07
Southern IL University – Carbondale Foundation	x			02-08-07

**FINANCIAL AUDITS, SINGLE AUDITS AND  
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
Southern IL University – Carbondale Evergreen Terrace	x			03-22-07
Southern IL University – Edwardsville Alumni Association	x			02-08-07
Southern IL University – Edwardsville Foundation	x			02-08-07
Southern IL University – Physicians & Surgeons, Inc.	x			02-08-07
Southern IL University – Research Park	x			02-08-07
Southern IL University – University Park	x			02-08-07
Southwestern Illinois Development Authority				
State Appellate Defender			x	03-20-07
State Board of Education				
State Employees’ Retirement System	x			03-27-07
State Fire Marshal				
State Police Merit Board			x	01-31-07
State Universities Retirement System	x			03-27-07
State’s Attorney’s Appellate Prosecutor			x	01-31-07
Statewide Single Audit – (Federal Funds)				
Teachers’ Retirement System	x			03-27-07
Treasurer – Bright Start College Savings Program	x			12-12-06
Treasurer – Fiscal Officer	x		x	03-06-07
Treasurer – Illinois Funds	x			12-12-06
University of Illinois	x			01-24-07
University of Illinois		x	x	03-08-07
University of Illinois Alumni Association	x			11-16-06
University of Illinois Alumni Association			x	03-08-07
University of Illinois Foundation	x			12-12-06
University of Illinois Foundation			x	03-08-07
University of Illinois – Prairieland Energy, Inc.	x			01-18-07
University of Illinois – Prairieland Energy, Inc.			x	03-08-07
University of Illinois – Research Park, LLC	x			02-08-07

**FINANCIAL AUDITS, SINGLE AUDITS AND  
COMPLIANCE ATTESTATION EXAMINATIONS**

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>C</i>	<i>DATE RELEASED</i>
University of Illinois – Research Park, LLC			x	03-08-07
University of Illinois – Ventures, LLC	x			01-24-07
University of Illinois – Ventures, LLC			x	03-08-07
University of Illinois – Wolcott, Wood & Taylor, Inc.	x			11-16-06
University of Illinois – Wolcott, Wood & Taylor, Inc.			x	03-08-07
Western Illinois University				
Western Illinois University Foundation	x			03-29-06

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## ***INFORMATION SYSTEMS AUDITS***

These audits are components of each agency's regularly scheduled financial audits, single audits and compliance attestation examinations for the period ending June 30, 2006.

<b><i>INFORMATION SYSTEMS AUDITS AUDITS INITIATED AND/OR COMPLETED IN FISCAL YEAR 2007</i></b>	
•	Department of Central Management Services – BCCS 3 <sup>rd</sup> Party Review
•	Department of Children and Family Services
•	Department of Commerce and Economic Opportunity
•	Department of Healthcare and Family Services
•	Department of Human Services
•	Department of Military Affairs
•	Department of Natural Resources
•	Department of Revenue
•	Department of State Police
•	Department of Transportation
•	Department of Veterans' Affairs
•	Environmental Protection Agency
•	Governors State University
•	Illinois State University
•	Northern Illinois University
•	Office of the Comptroller
•	Office of the Treasurer
•	Southern Illinois University
•	State Fire Marshal
•	Teachers' Retirement System
•	University of Illinois
•	Western Illinois University

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## ***EMERGENCY PURCHASES***

The Illinois Procurement Code requires agencies expending funds in an emergency to file an affidavit with the Auditor General within 10 days after the procurement, setting forth the amount expended, the name of the contractor, and the circumstances requiring the emergency purchase. The Auditor General, in turn, is required to file a quarterly report with the Commission and the Governor setting forth a complete listing of all emergency purchases reported during that quarter. The latest report is for the third quarter of Fiscal Year 2007 and it contains thirty six filings with this Office.

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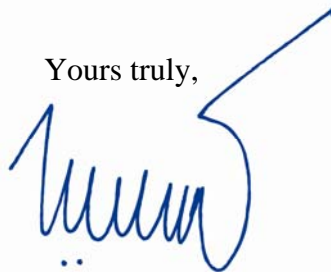
## ***CONTRACTUAL SERVICES CERTIFICATIONS***

Pursuant to the requirements of the State Finance Act at 30 ILCS 105/15a, State agencies must file a certification with the Auditor General prior to the execution of any contract with a former employee who took an early retirement incentive based on retirement before 1993. The certification must state that the former employee either possesses unique expertise or is essential to the operation of the agency.

During the third quarter of Fiscal Year 2007, the Auditor General received no new contractual services certifications.

Copies of certifications received in previous quarters are on file in our Office.

Yours truly,

A handwritten signature in blue ink, appearing to read 'William G. Holland', with a long, sweeping line extending upwards and to the right from the end of the signature.

WILLIAM G. HOLLAND  
Auditor General