

**STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION**

For the Year Ended June 30, 2017

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2017

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STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2017

**COMMISSION OFFICIALS**

Chair	Ms. Chasity Boyce
Executive Director	Mr. Chad Fornoff
Deputy Executive Director (03/01/17 to Current)	Vacant
Deputy Executive Director (07/01/16 to 02/28/17)	Ms. Whitney Wagner Rosen
General Counsel	Mr. Stephen Rotello
Chief Financial Officer	Mr. Craig P. Williams II

**COMMISSION MEMBERS**

Commissioner	Mr. Ryan Ruskin
Commissioner	Ms. Amalia Rioja
Commissioner	Mr. Walter Turner, III
Commissioner	Mr. Shawn Denney
Commissioner	Mr. James Schink
Commissioner	Ms. Teresa Bartels
Commissioner	Ms. Maria Kuzas
Commissioner	Mr. Andy Volpert

The Commission's offices are located at:

401 S. Spring Street  
513 William G. Stratton Building  
Springfield, Illinois 62706



## EXECUTIVE ETHICS COMMISSION

STATE OF ILLINOIS

401 S. Spring Street  
513 William Stratton Building  
Springfield, Illinois 62706

Phone: (217) 558-1393  
Fax: (217) 558-1399  
Email: EEC.cms@illinois.gov

### MANAGEMENT ASSERTION LETTER

Honorable Frank J. Mautino  
Auditor General  
740 East Ash Street  
Springfield, Illinois 62703

August 13, 2018

Auditor General Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Executive Ethics Commission. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the State of Illinois, Executive Ethics Commission's compliance with the following assertions during the year ended June 30, 2017. Based on this evaluation, we assert that during the year ended June 30, 2017, the State of Illinois, Executive Ethics Commission has materially complied with the assertions below.

- A. The State of Illinois, Executive Ethics Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Executive Ethics Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The State of Illinois, Executive Ethics Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Executive Ethics Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours truly,

State of Illinois, Executive Ethics Commission

**SIGNED ORIGINAL ON FILE**

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Chad Fornoff, Executive Director

**SIGNED ORIGINAL ON FILE**

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Craig P. Williams II, Chief Financial Officer

**SIGNED ORIGINAL ON FILE**

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Stephen Rotello, General Counsel

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2017

**COMPLIANCE REPORT**

**SUMMARY**

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

**ACCOUNTANT’S REPORT**

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

**SUMMARY OF FINDINGS**

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

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
2017-001	8	Inadequate Control over Accounts Receivable	Significant Deficiency and Noncompliance

**EXIT CONFERENCE**

The Commission waived an exit conference in a correspondence from Craig P. Williams II, the Commission’s Chief Financial Officer, dated July 23, 2018. The response to the recommendation was provided by Craig P. Williams II, the Commission’s Chief Financial Officer, in a correspondence dated August 6, 2018.

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OFFICE OF THE AUDITOR GENERAL

FRANK J. MAUTINO

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

**Compliance**

We have examined the State of Illinois, Executive Ethics Commission's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the year ended June 30, 2017. The management of the State of Illinois, Executive Ethics Commission is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Executive Ethics Commission's compliance based on our examination.

- A. The State of Illinois, Executive Ethics Commission has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The State of Illinois, Executive Ethics Commission has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The State of Illinois, Executive Ethics Commission has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the State of Illinois, Executive Ethics Commission are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the State of Illinois, Executive Ethics Commission complied, in all material respects,

with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the State of Illinois, Executive Ethics Commission complied with the specified requirements listed above. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the State of Illinois, Executive Ethics Commission's compliance with specified requirements.

In our opinion, the State of Illinois, Executive Ethics Commission complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2017. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as item 2017-001.

The State of Illinois, Executive Ethics Commission's response to the finding identified in our examination is described in the accompanying schedule of findings. The State of Illinois, Executive Ethics Commission's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

The purpose of this report on compliance is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the Audit Guide issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

### **Internal Control**

Management of the State of Illinois, Executive Ethics Commission is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the State of Illinois, Executive Ethics Commission's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Executive Ethics Commission's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Executive Ethics Commission's internal control over compliance.

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



severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as item 2017-001, that we consider to be a significant deficiency.

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

The State of Illinois, Executive Ethics Commission's response to the finding identified in our examination is described in the accompanying schedule of findings. The State of Illinois, Executive Ethics Commission's response was not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Audit Guide, issued by the Illinois Office of the Auditor General. Accordingly, this report is not suitable for any other purpose.

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

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the year ended June 30, 2017, in Schedules 1 through 4 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2017, accompanying supplementary information in Schedules 1 through 4. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2016, accompanying supplementary information in Schedules 2 through 4 and in the Analysis of Operations Section and, accordingly, we do not express an opinion or provide any assurance on it.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK, CPA  
Director of Financial and Compliance Audits

Springfield, Illinois  
August 13, 2018

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2017

2017-001. **FINDING** (Inadequate Control over Accounts Receivable)

The Executive Ethics Commission (Commission) did not exercise adequate control over its accounts receivable collection activities.

During testing, we noted the following:

- Eight of eight (100%) past due accounts receivable at June 30, 2017, totaling \$5,302, had not been referred to the Department of Revenue's Debt Collection Bureau (Bureau). The past due accounts ranged from 619 to 3,292 days old as of June 30, 2017.

The Illinois State Collection Act of 1986 (Act) (30 ILCS 210/3) states that it is the "public policy of this State to aggressively pursue the collection of accounts or claims due and payable to the State of Illinois through all reasonable means." Further, the Act (30 ILCS 210/5(g)) requires the Commission refer qualifying delinquent debt to the Department of Revenue's Debt Collection Bureau.

- The Commission has an inadequate method of estimating uncollectible accounts in its account receivable process.

The Statewide Accounting Management System (SAMS) (Procedure 26.20.20) states the Commission should examine the collection history for each type of receivable that it recognizes in order to establish guidelines for estimating the amount of debt that will be uncollectible.

Commission officials stated the accounts were not referred to the Bureau as they were unaware they could be referred while the account was on the Offset System with the Office of the State Comptroller. Further, Commission officials indicated that the inadequate method of estimating uncollectible accounts was due to oversight. In addition, there was a change in staff responsible for accounts receivable during the engagement period.

Failure to timely refer receivables to the Bureau increases the likelihood that past due amounts owed to the Commission will not be collected or the collection will be further delayed and represents noncompliance with the Act. Further, failure to determine a reasonable estimate of uncollectible accounts receivable reduces the reliability of Statewide financial reporting and represents noncompliance with SAMS. (Finding Code No. 2017-001)

**RECOMMENDATION**

We recommend the Commission pursue all reasonable and appropriate procedures to collect on outstanding debts, including referring qualifying delinquent debt to the Bureau. Further, we recommend the Commission review its method of estimating uncollectible accounts to ensure it is fair and reasonable.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2017

**COMMISSION RESPONSE**

The Commission agrees with the finding. The Commission will develop procedures to refer qualifying delinquent debt to the Department of Revenue's Debt Collection Bureau. In addition, it will review its method of estimating uncollectible accounts to ensure it is fair and reasonable.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
OFFICE OF THE AUDITOR GENERAL MANAGEMENT  
AUDIT RECOMMENDATIONS UPDATE  
For the Year Ended June 30, 2017

**State's Procurement of Health Insurance Vendors**

In March 2012, the Office of the Auditor General released a management audit of the State's Procurement of Health Insurance Vendors for the State's Group Health Insurance Program. The audit contained 15 recommendations directed at various State agencies, including the Executive Ethics Commission.

As part of the compliance examination of the Executive Ethics Commission for the period ended June 30, 2017, we followed up on the status of the not fully implemented recommendations and reported the following:

Recommendation 13                      Implemented

**Recommendation 13: The Commission should ensure that if its staff questions whether requirements were satisfied, those questions should be answered and documented prior to approving the award of State health insurance contracts.**

**Implemented:** The Chief Procurement Officer for General Services has revised its Procurement Manual to require an instructional meeting to be conducted with all committee members. State Purchasing Officers (SPOs) have access to and are encouraged to use evaluation committee kick-off meeting templates developed by this office. In addition to the detailed instructions on the evaluation and scoring process, it further states meetings may be held to discuss any questions or clarification an evaluator may have with all committee members present; however, there is no requirement for questions and answers to be documented.

Should an SPO have questions whether requirements were satisfied, they are instructed and trained to document such answers and commit the documentation to the procurement file. SPOs are informed, during formal training and reminded frequently, that each must be comfortable with and be able to defend any decision that they are called to make. SPO's are trained to document such answers and commit the documentation to the procurement file.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
OFFICE OF THE AUDITOR GENERAL MANAGEMENT  
AUDIT RECOMMENDATIONS UPDATE  
For the Year Ended June 30, 2017

**State's Procurement of Inmate Telephone Service Vendors**

In August 2014, the Office of the Auditor General released a management audit of the State's Procurement of Inmate Telephone Service Vendors. The audit contained six recommendations directed at various State agencies, including the Executive Ethics Commission with regards to the Chief Procurement Officer (CPO).

As part of the compliance examination of the Executive Ethics Commission for the period ended June 30, 2017, we followed up on the status of the recommendations related to the CPO and reported the following:

Recommendation 2	Not Implemented
Recommendation 3	Not Implemented
Recommendation 4	Implemented

**Recommendation 2: The Department of Central Management Services and the Chief Procurement Officer for General Services should ensure that the solicitation document specifies, for procurements that include mandatory site visits, whose attendance is required to meet the mandatory attendance requirement.**

**Not Implemented:** The purpose of a pre-submission conference is to provide prospective bidders or offerors with an opportunity to learn more about the State's requirements and to observe first-hand what cannot adequately be described in a procurement document. If a vendor sends a representative without an understanding of the procurement, or of the services required, that lack of knowledge or expertise will be evident in the bid or proposal. It's in the vendor's interest to determine who best represents their concerns at a pre-submission conference. The CPO believes that specifying attendance at mandatory pre-submission conferences will lead only to procurement delays, protests, and disqualifications. No further specification of attendance requirements has been added to the solicitation documents.

**Recommendation 3: The Department of Central Management Services and the Chief Procurement Officer for General Services should evaluate the different options available, determine the appropriate procurement method to use, and document the reasons the procurement method was selected.**

**Not Implemented:** While the State Purchasing Officer (SPO) Determination Forms and the Remedy Procurement Business Case system do verify which procurement methods are used, the forms and system lack documentation or explanations for the reason(s) the procurement method was selected. In addition, for some of the solicitations reviewed during the period, the solicitation documents were posted to the Illinois Procurement Bulletin on the same day the procurement method was approved by the SPO. Some solicitation documents were posted to the Illinois Procurement Bulletin before the procurement method was approved by the SPO. Six solicitations lacked support for the date the procurement method was approved by the SPO. The

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
OFFICE OF THE AUDITOR GENERAL MANAGEMENT  
AUDIT RECOMMENDATIONS UPDATE  
For the Year Ended June 30, 2017

procurement method should be approved in a timely manner prior to the posting of solicitation documents to the Illinois Procurement Bulletin.

**Recommendation 4: For future solicitations involving inmate collect calling services, the Department of Central Management Services and the Chief Procurement Officer for General Services should ensure that the factors used to evaluate pricing are developed in a timely fashion and adequately tested to avoid flaws in the pricing table.**

**Implemented:** The CPO has adopted this recommendation and followed the recommendation by awarding the bid to the company that was willing to pay the lowest cost per minute.

Public Act 99-0878 is very specific with regard to allowable pricing:

(a-5) Beginning January 1, 2018, the Department of Central Management Services shall contract with the qualified vendor who proposes the lowest per minute rate not exceeding 7 cents per minute for debit, prepaid, collect calls and who does not bill to any party any tax, service charge, or additional fee exceeding the per minute rate, including, but not limited to, any per call surcharge, account set up fee, bill statement fee, monthly account maintenance charge, or refund fee as established by the Federal Communications Commission Order for state prisons in the Matter of Rates for Interstate Inmate Calling Services, Second Report and Order, WC Docket 12-375, FCC 15-136 (adopted Oct. 22, 2015).

Telephone services made available through a prepaid or collect call system shall include international calls; those calls shall be made available at reasonable rates subject to Federal Communications Commission rules and regulations, but not to exceed 23 cents per minute. This amendatory Act of the 99<sup>th</sup> General Assembly applies to any new or renewal contract for inmate calling services.

To demonstrate the CPO's adoption of this recommendation, below are the sections of IPB 22040713 for Phone Services for Incarcerated Persons which was issued May 11, 2017.

B.5 The State will determine price during Phase Two of this solicitation. Phase Two involves the evaluation of pricing submitted by all qualified vendors determined by the Phase One evaluation. Prices submitted for Phase Two are reviewed and the contract award will be made to the qualified vendor offering the lowest cost to the State.

B.5.1. This solicitation requires pricing for Domestic Calls, International Calls and Voicemails. This solicitation will be Awarded based solely on the lowest Per Minute Price for Domestic Calls (both interstate and intrastate).

B.5.2. International calls shall be prepaid only. International Call pricing is required, but will NOT be considered as a factor to determine lowest price for this solicitation.

B.5.3. Voice Mail pricing is required, but will NOT be considered as a factor to determine lowest price for this solicitation.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2017

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

**SUMMARY**

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

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2017

- Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances

- Schedule of Changes in State Property

- Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the State Comptroller

- Analysis of Operations (Not Examined):

- Agency Functions and Planning Program (Not Examined)

- Analysis of Significant Variations in Expenditures (Not Examined)

- Analysis of Significant Variations in Receipts (Not Examined)

- Analysis of Significant Lapse Period Spending (Not Examined)

- Analysis of Accounts Receivable (Not Examined)

- Budget Impasse Disclosures (Not Examined)

- Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Not Examined)

- Interest Costs on Invoices (Not Examined)

- Average Number of Employees (Not Examined)

- Memorandum of Understanding (Not Examined)

- Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2017, accompanying supplementary information in Schedules 1 through 4. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section and, accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION

**SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES**

Expenditure Authority for Fiscal Year 2017

For the Fifteen Months Ended September 30, 2017

Public Act 99-0524 and Court-Ordered Expenditures	Expenditure Authority (Net of Transfers)	Lapse Period		Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
		Expenditures Through June 30	Expenditures July 1 to September 30		
FISCAL YEAR 2017					
<b><u>APPROPRIATED FUNDS</u></b>					
GENERAL REVENUE FUND - 0001					
Personal Services	\$ 5,340,017	\$ 1,200	\$ 5,341,217		
Total, Fund 0001	<u>\$ 5,340,017</u>	<u>\$ 1,200</u>	<u>\$ 5,341,217</u>		
BUDGET STABILIZATION FUND - 0686					
Ordinary and Contingent Expenses	\$ 150,000	\$ -	\$ 150,000		\$ -
Total, Fund 0686	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>		<u>\$ -</u>
<b>GRAND TOTAL - ALL FUNDS</b>	<u>\$ 5,490,017</u>	<u>\$ 1,200</u>	<u>\$ 5,491,217</u>		<u>\$ -</u>

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to Commission records.
- Note 2: Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.
- Note 3: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Mungler* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supercede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Commission was able to submit vouchers to pay its employees in full from Fund 001 without a maximum expenditure limit for personal service costs during Fiscal Year 2017. Further, the Commission incurred non-payroll obligations within Fund 001, which the Commission was unable to pay until the passage of Public Act 100-0021.
- Note 4: Public Act 99-0524 authorized the Commission to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 24 includes information from Commission management about the number of invoices and the total dollar amount of invoices held by the Commission submitted against its Fiscal Year 2017 appropriation.
- Note 5: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Commission to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 24 includes information from Commission management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Commission to be submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.



STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,  
EXPENDITURES, AND LAPSED BALANCES**  
For the Fiscal Years Ended June 30, 2017 and 2016

	Fiscal Year	
	2017	2016
	P.A. 99-0524 and Court-Ordered Expenditures	Court-Ordered Expenditures
<b>APPROPRIATED FUNDS</b>		
<b>General Revenue Fund - 0001</b>		
Appropriations (Net of Transfers)		
Expenditures		
Personal Services	\$ 5,341,217	\$ 5,279,871
Total Expenditures	<u>\$ 5,341,217</u>	<u>\$ 5,279,871</u>
Lapsed Balances		
<b>Budget Stabilization Fund - 0686</b>		
Appropriations (Net of Transfers)	\$ 150,000	\$ -
Expenditures		
Ordinary and Contingent Expenses	\$ 150,000	\$ -
Total Expenditures	<u>\$ 150,000</u>	<u>\$ -</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>
<b>GRAND TOTAL - ALL FUNDS</b>		
Appropriations (Net of Transfers)	<u>\$ 150,000</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 5,491,217</u>	<u>\$ 5,279,871</u>
Total Lapsed Balances	<u>\$ -</u>	<u>\$ -</u>

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to Commission records.
- Note 2: Expenditure amounts are vouchers approved for payment by the Commission and submitted to the State Comptroller for payment to the vendor.
- Note 3: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supercede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Commission was able to submit vouchers to pay its employees in full from Fund 001 without a maximum expenditure limit for personal service costs during Fiscal Year 2017. Further, the Commission incurred non-payroll obligations within Fund 001, which the Commission was unable to pay until the passage of Public Act 100-0021.
- Note 4: Public Act 99-0524 authorized the Commission to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 24 includes information from Commission management about the number of invoices and the total dollar amount of invoices held by the Commission submitted against its Fiscal Year 2017 appropriation.
- Note 5: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Commission to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 24 includes information from Commission management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Commission to be submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SCHEDULE OF CHANGES IN STATE PROPERTY**  
For the Year Ended June 30, 2017

	<u>Equipment</u>
Balance at July 1, 2016	\$ 245,262
Additions	1,627
Deletions	-
Net Transfers	<u>(3,350)</u>
Balance at June 30, 2017	<u><u>\$ 243,539</u></u>

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

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND  
RECONCILIATION OF CASH RECEIPTS TO DEPOSITS  
REMITTED TO THE STATE COMPTROLLER**  
For the Fiscal Year Ended June 30,

Schedule 4

	Fiscal Year	
	2017	2016
<b>General Revenue Fund - 0001</b>		
Administrative Fines	\$ 5,036	\$ 7,376
Miscellaneous	750	5,762
Total Cash Receipts per Commission Records	<u>5,786</u>	<u>13,138</u>
Plus - In Transit at Beginning of Year	-	421
Less - In Transit at End of Year	-	-
Total Cash Receipts per State Comptroller's Records	<u><u>\$ 5,786</u></u>	<u><u>\$ 13,559</u></u>

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Year Ended June 30, 2017  
(Not Examined)

**AGENCY FUNCTIONS**

The Executive Ethics Commission (Commission) was originally created by the State Officials and Employees Ethics Act (Act) (5 ILCS 430/1-1 et seq.). The Commission consists of nine commissioners appointed by the five executive branch constitutional officers. The Governor appoints five of the nine Commissioners, and the Attorney General, Secretary of State, Treasurer, and Comptroller each appoint one.

The jurisdiction of the Commission extends to all officers and employees of State agencies other than the General Assembly, the Senate, the House of Representatives, the President and Minority Leader of the Senate, the Speaker and Minority Leader of the House of Representatives, the Senate Operations Commission, the legislative support services agencies, and the Office of the Auditor General. The Commission also has jurisdiction over all board members and employees of Regional Transit Boards and the Illinois Power Agency and its staff.

The Act charges the Commission with the following duties:

- Promulgate rules governing the performance of Commission duties and governing the investigations of the Executive Inspectors General;
- Conduct administrative hearings on investigations brought before the Commission by an Executive Inspector General;
- Receive periodic reports from the Executive Inspectors General and the Attorney General regarding ongoing and completed investigations;
- Prepare and publish manuals and guides and oversee training of executive agency employees;
- Prepare public information materials to facilitate compliance, implementation, and enforcement of the Act;
- Make rulings, issue recommendations, and impose administrative fines on ethics cases brought before the Commission;
- Issue subpoenas with respect to matters pending before the Commission;
- Appoint Special Executive Inspectors General to investigate Executive Inspectors General or to pursue investigations of executive agency ethical misconduct allegations that have failed to be resolved within six months;
- Receive reports of ex parte communications that each agency and constitutional officer is required to file with the Commission;

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**AGENCY FUNCTIONS AND PLANNING PROGRAM**  
For the Fiscal Year Ended June 30, 2017  
(Not Examined)

- Liaise with Ethics Officers of various Executive Branch offices and agencies;
- Appoint and establish the salaries of Chief Procurement Officers (CPOs) and Procurement Compliance Monitors (PCMs) to oversee and review procurements and the procurement process;
- Conduct administrative hearings on a complaint, or possible removal, of a Chief Internal Auditor, PCM, or State Purchasing Officer (SPO) brought before the Commission by a CPO or an executive officer of a State agency;
- Grant exemptions requested by the CPOs to remove named individuals from conflict of interest prohibitions; and,
- Provide oversight for the Illinois Power Agency, including appointing and, if necessary, removing its Director.

**AGENCY PLANNING**

The Commission is an adjudicative and monitoring body with its powers and duties detailed in the Act, the Illinois Procurement Code, and the Fiscal Control and Internal Auditing Act. The Commission operates to fulfill the statutory responsibilities in a timely and efficient manner. The Commission documents its long-term and short-term goals in the Public Accountability Report (PAR) and the Budgeting for Results Report.

The Commission's administrative rules help implement and communicate the responsibilities set forth in the Act.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES**  
For the Year Ended June 30, 2017  
(Not Examined)

**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2017 AND 2016**

**Budget Stabilization Fund - 0686**

Ordinary and Contingent Expenditures

The increase is due to a new appropriation to the Commission from the Budget Stabilization Fund (Fund 0686) in Fiscal Year 2017. The Commission did not receive any appropriations in Fiscal Year 2016.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS**  
For the Year Ended June 30, 2017  
(Not Examined)

**ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS BETWEEN FISCAL YEARS 2017 AND 2016**

**General Revenue Fund – 0001**

Miscellaneous

The decrease was due to the number of Prohibited Political Contributions (PPCs) made in violation of the Illinois Procurement Code (30 ILCS 500/50-37(e)). In Fiscal Year 2016, the Chief Procurement Offices (CPOs) identified six PPCs that were paid to the Commission, and in Fiscal Year 2017, the CPOs only identified two. Fiscal Year 2016 also included an election year, which typically leads to an increased number of PPCs compared to non-election years.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING**  
For the Year Ended June 30, 2017  
(Not Examined)

There was no significant spending noted during the Fiscal Year 2017 Lapse Period.



STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ANALYSIS OF ACCOUNTS RECEIVABLE**  
For the Year Ended June 30, 2017  
(Not Examined)

Accounts receivable, per Commission records, were as follows:

<u>General Revenue Fund - Fund 0001</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Current	\$ 1,000	\$ -
1-30 days	-	1,000
31-90 days	-	-
91-180 days	-	-
181+ days past due	<u>5,302</u>	<u>6,338</u>
Accounts Receivable Gross Balance	6,302	7,338
Less: Estimated Uncollectibles	(100)	(1,375)
Accounts Receivable Net Balance	<u>\$ 6,202</u>	<u>\$ 5,963</u>

Note 1: These amounts represent receivables related to administrative fines and prohibited political contributions.

Note 2: The Commission has not reviewed its methodology for reasonably estimating its allowance for uncollectible accounts (see Finding 2017-001).

Note 3: The Commission's current *Process for the Recording and Collection of Accounts Receivable* states at 90 days, if the fine outstanding is greater than \$250, the Commission's Deputy General Counsel will submit a request to the Office of the State Comptroller (Comptroller) for the inclusion of this debt on the Comptroller's Offset System. In addition, we noted past due debt was not placed with the Debt Collection Bureau at the Department of Revenue (see Finding 2017-001).

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**BUDGET IMPASSE DISCLOSURES**  
For the Year Ended June 30, 2017  
(Not Examined)

Payment of Prior Year Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Commission to pay Fiscal Year 2016 costs using the Commission’s Fiscal Year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Commission to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Commission’s Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The following charts show the Commission’s plan to pay its prior costs using future appropriations:

FISCAL YEAR 2016 INVOICES

Fund #	Fund Name	Paid from Fiscal Year 2017 Appropriations		Expect Payment from Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
0001	General Revenue Fund	0	\$ -	15	\$ 48,410
0686	Budget Stabilization Fund	209	138,270	0	-
		209	\$ 138,270	15	\$ 48,410

FISCAL YEAR 2017 INVOICES

Fund #	Fund Name	Paid from Fiscal Year 2017 Appropriations		Expect Payment from Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
0001	General Revenue Fund	0	\$ -	106	\$ 253,904
0686	Budget Stabilization Fund	73	11,730	0	-
		73	\$ 11,730	106	\$ 253,904

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND  
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**  
For the Year Ended June 30, 2017  
(Not Examined)

Transactions Involving the Illinois Finance Authority

The Commission and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2017.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the Commission's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2017.

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**INTEREST COSTS ON INVOICES**  
For the Year Ended June 30, 2017  
(Not Examined)

Prompt Payment Interest Costs

The Commission plans to calculate prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor’s proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during Fiscal Year 2017. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90<sup>th</sup> day after a vendor submits an eligible proper bill to the Commission. The following chart shows the Commission’s prompt payment interest incurred related to Fiscal Year 2017 invoices, calculated on the accrual basis of accounting, through June 30, 2017, by fund:

**PROMPT PAYMENT INTEREST INCURRED**

Year Ended June 30, 2017

Fund #	Fund Name	Invoices	Vendors	Dollar Value
0001	General Revenue Fund	98	19	\$ 21,610
		98	19	\$ 21,610

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**AVERAGE NUMBER OF EMPLOYEES**  
For the Year Ended June 30, 2017  
(Not Examined)

The following table, prepared from Commission records, presents the average number of employees by function, for the Fiscal Year Ended June 30,

<u>Division</u>	<u>2017</u>	<u>2016</u>
Administration	11	10
Procurement Compliance Monitoring	12	10
Procurement Officers and Supporting Staff:		
Capital Development Board	5	5
Department of Transportation	3	3
General Services	26	25
Higher Education	10	11
Total Average Full-Time Employees	<u>67</u>	<u>64</u>

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**MEMORANDUM OF UNDERSTANDING**  
For the Year Ended June 30, 2017  
(Not Examined)

The Commission had one Memorandum of Understanding (MOU) in effect during the examination period with the Office of the State Comptroller (Comptroller). It went into effect on November 19, 2013, and the MOU defines the roles and responsibilities of the Commission and the Comptroller in regards to the Commission's direct entry of payment voucher documents into the Statewide Accounting Management System (SAMS).

STATE OF ILLINOIS  
EXECUTIVE ETHICS COMMISSION  
**SERVICE EFFORTS AND ACCOMPLISHMENTS**  
For the Year Ended June 30, 2017  
(Not Examined)

The Commission maintained a website for State employees and the general public. This website outlines information about the Commission and staff, publications, decisions reached by the Commission, statutes and rules governing the Commission, frequently asked questions, other ethics organizations, and quarterly reports. In addition, the website provides contact information for the Commission as well as information on contacting the Office of the Executive Inspector General. The website also contains redacted reports from the Office of the Executive Inspector General regarding certain allegations and investigations. The website describes the role of the Commission and the Chief Procurement Officers in the procurement process.

The Commission hosted its annual ethics officer conference on March 28, 2017, inviting ethics officers and general counsels from each agency under its jurisdiction to attend. The conference for Fiscal Year 2017 focused on the revolving door prohibition for State employees.

Statistical information regarding activities of Chief Procurement Officers, the Illinois Procurement Gateway, and external training appears below:

<b><u>Chief Procurement Officers</u></b>	<b><u>Fiscal Year</u></b> <b><u>2017</u></b>	<b><u>Fiscal Year</u></b> <b><u>2016</u></b>
Total number of procurements authorized	7,832	7,613
Total dollar value of procurements authorized	\$7,337,700,000	\$10,222,500,000
<b><u>Illinois Procurement Gateway</u></b>		
Number of applications reviewed	5,794	4,265
Number of support requests received and resolved	2,882	551
Number of hours of external training provided to State agencies and external parties	319.2	174.0