

2016

ANNUAL REPORT

STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL



Frank J. Mautino, Auditor General

SPRINGFIELD OFFICE:
ILES PARK PLAZA
740 EAST ASH • 62703-3154
PHONE: 217-782-6046
FAX: 217-785-8222 • TTY: 888-261-2887



CHICAGO OFFICE:
MICHAEL A. BILANDIC BLDG. • SUITE S-900
160 NORTH LASALLE • 60601-3103
PHONE: 312-814-4000
FAX: 312-814-4006

OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

March 1, 2017

The Honorable Members of the General Assembly
The Legislative Audit Commission
The Honorable Bruce Rauner, Governor
Citizens of Illinois

Ladies and Gentlemen:

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

The mission of the Auditor General's Office has been, and will continue to be, to present objective, balanced and independent audits. I believe this Annual Report reflects the Office's success in fulfilling that goal during calendar year 2016.

I would like to thank the members of the General Assembly, members and staff of the Legislative Audit Commission, and the staff of the Auditor General's Office, through whose efforts the reported accomplishments were made possible.

Yours truly,

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO

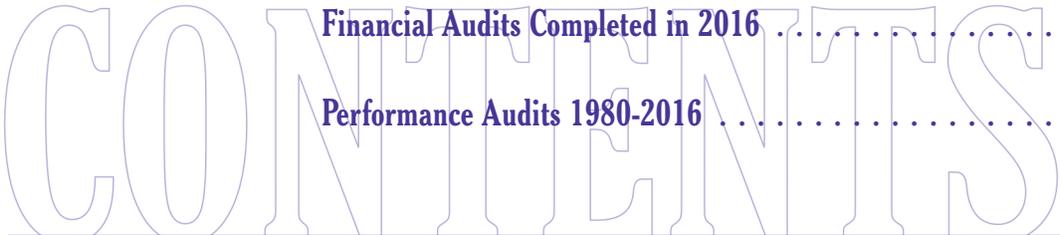
Auditor General



TABLE OF CONTENTS



- Overview 4
- Public Information 5
- Organizational Chart 6
- Compliance Examination Program 7
 - Accountability 8
 - Federal Auditing/Statewide Single Audit Update 16
- Performance Audit Program 17
 - Performance Audits Completed in 2016 18
 - Performance Audits in Progress 23
- Information Systems Audit Program 25
 - ISA Findings 26
- Other Office Responsibilities 27
- Continuing Professional Education and Training Requirements 29
- Personal Information Protection Act Compliance 30
- OAG Fraud Hotline 30
- Claims Due the State and Methods of Collection 31
- Summary of Appropriations and Expenditures 31
- Financial Audits and Compliance Examinations Released 33
- Regional Office of Education and Intermediate Service Center
 - Financial Audits Completed in 2016 36
 - Performance Audits 1980-2016 37



OVERVIEW

Franks J. Mautino became Auditor General of the State of Illinois on January 1, 2016. Prior to his appointment as Auditor General, Mr. Mautino was a member of the Illinois House of Representatives, and served as a co-chairman of the Legislative Audit Commission.

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 audits and Compliance examinations 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 procedures 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, computer security, contracts, expenditure control, leases, misappropriation of funds, personnel and payroll, property control, purchasing, reimbursements, telecommunications, and travel.

Audit reports are reviewed by the Legislative Audit Commission in a public hearing attended by agency 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 an audit. All outstanding recommendations are reviewed during the next regularly scheduled audit of an agency or, if the Commission requests, a special interim audit may be conducted. ❖

OVERVIEW

PUBLIC INFORMATION

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
- Contractual Services Certifications

Information about the Auditor General is available on the Internet. This information includes report summaries and full report texts.

PUBLIC INFORMATION IS AVAILABLE BY WRITING:

**FOIA Officer
Office of the Auditor General
Iles Park Plaza
740 E. Ash St.
Springfield, IL 62703-3154**

OUR INTERNET WEB SITE ADDRESS IS:
www.auditor.illinois.gov

OUR E-MAIL ADDRESS IS:
oag.auditor@illinois.gov

***Springfield*Telephone: (217) 782-6046
Fax: (217) 785-8222**

***Chicago*Telephone: (312) 814-4000
Fax: (312) 814-4006**

TTY: (888) 261-2887

OUR FRAUD HOTLINE IS:

Toll-Free: (855) 217-1895

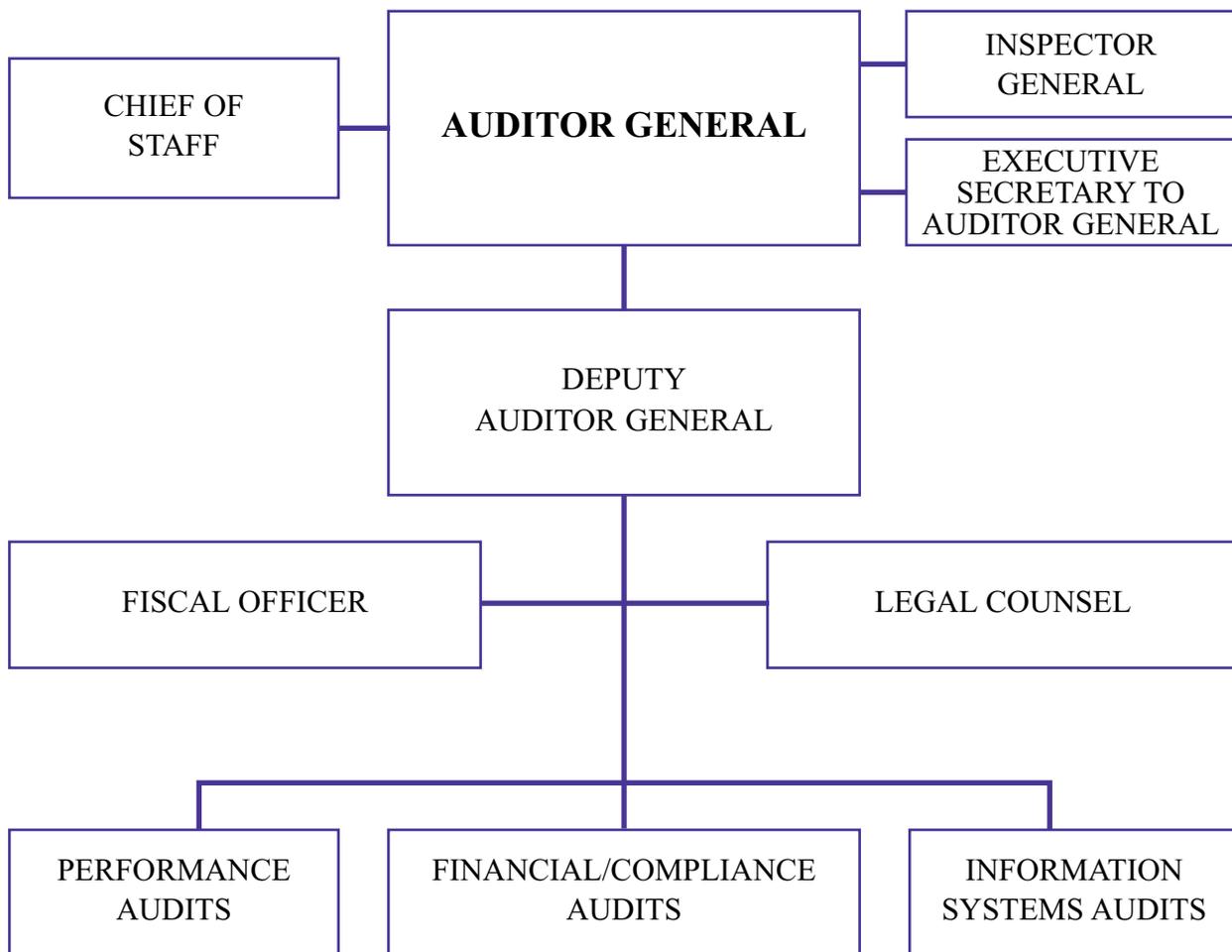
Visit our web site at www.auditor.illinois.gov for full details or for an on-line reporting form.

TTY: (888) 261-2887

PUBLIC INFO.

ORGANIZATIONAL CHART

As of December 31, 2016, there were 73 employees. Sixty-nine were located in the Springfield Office and four in the Chicago Office. ❖



ORGANIZATION

THE COMPLIANCE EXAMINATION PROGRAM

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



For the 2015 audit cycle, the Compliance Audit Division conducted 99 engagements. These encompassed compliance examinations, financial audits, and federal audits or a combination thereof. Staff from the Office of the Auditor General conducted 31 of these engagements. The remaining 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 program has a positive impact on the operations of State government because agencies implement many of the recommendations made in these reports. Compliance reports 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 reports 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. ❖

COMPLIANCE

A number of reports issued for FY 2015 had findings that were critically important from an accountability standpoint. A brief summary of some of these findings follows:

INADEQUATE FINANCIAL REPORTING PROCESS

The State of Illinois' current financial reporting process does not allow the State to prepare a complete and accurate Comprehensive Annual Financial Report (CAFR) in a timely manner. Reporting issues at various individual agencies caused delays in finalizing the financial statements. The lack of timely financial reporting limits effective oversight of State finances and may adversely affect the State's bond rating.

Accurate and timely financial reporting problems continue to exist even though the auditors have: 1.) continuously reported numerous findings on the internal controls (material weaknesses and significant deficiencies), 2.) commented on the inadequacy of the financial reporting process of the State, and 3.) regularly proposed adjustments to financial statements year after year. These findings have been directed primarily towards major State agencies under the organizational structure of the Office of the Governor and towards the Office of the State Comptroller.

The Office of the State Comptroller has made significant changes to the system used to compile financial information; however, the State has not solved all the problems to effectively remediate these financial reporting weaknesses. The process is overly dependent on the post audit program even though the Illinois Office of the Auditor General has repeatedly informed State agency officials that the post audit function **is not** a substitute for appropriate internal controls at State agencies.

The State of Illinois has a highly decentralized financial reporting process. It was reported that 88 of 90 primary units of government had 263 different financial reporting systems that are used by primary government agencies and only 16 percent of these

financial reporting systems are compliant with Generally Accepted Accounting Principles (GAAP), which drastically increases the amount of time spent by agencies during the year-end GAAP conversion process. In addition, 53 percent of the financial reporting systems are not interrelated, thus requiring manual intervention to convert data, which increases the likelihood of errors and is time consuming.

The financial reporting to the Office of the State Comptroller requires State agencies to prepare a series of financial reporting forms (SCO forms) designed by the Office of the State Comptroller which are utilized to prepare the CAFR. Although these SCO forms are subject to review by the Office of the State Comptroller's financial reporting staff during the CAFR preparation process, the current process still lacks sufficient internal controls at individual agencies. As a result, audit adjustments and significant internal control deficiencies relative to individual agencies' financial reporting continue to occur.

We recommended the Office of the Governor and the Office of the State Comptroller continue to work together to resolve the State's inability to produce timely and accurate GAAP basis financial information.

The Governor's Office agreed with our recommendation and stated that the Governor's Office and the Office of the State Comptroller will continue to work together to address the core issues of the State's inability to produce timely and accurate GAAP basis financial information. Both offices have begun a multi-year implementation of an Enterprise Resource Planning (ERP) system to develop an integrated enterprise-wide application system for financials, which will improve the State's control environment and processes to produce accurate financial statements in a timely manner.

The Comptroller's Office agreed with our recommendation and stated that they will continue to work with the Governor's Office, the Auditor General's Office, and agency GAAP Coordinators to improve the timeliness, quality, and processing of financial reporting for the State.

ACCOUNTABILITY (CONT.)

LACK OF DUE DILIGENCE AND PROJECT MANAGEMENT OVER THE INTEGRATED ELIGIBILITY SYSTEM (IES)

The Department of Healthcare and Family Services (Department) and the Department of Human Services (Departments) did not establish controls to conduct due diligence or ensure project management over the State of Illinois' IES development project.

The Departments undertook a project to consolidate and modernize eligibility functions to meet the requirements of the Affordable Care Act of 2010.

Phase One of IES went live on October 1, 2013 even though it had known problems, required manual workarounds, and encountered data integrity and downtime issues. Some of the critical deficiencies we noted are as follows:

- The Departments did not conduct due diligence or assess the risks over the known problems at October 1, 2013.
- Over-reliance was placed on the vendors.
- System testing was inadequate and did not comply with development requirements.

As a result of the lack of project management, IES did not accurately determine individuals' eligibility for various social service programs.

Additionally, from August through November 2015, we made several requests to the Departments for documentation related to project management, systems development, and contractual requirements for IES. The Departments had to rely on vendors to provide the required documentation to respond to the auditors' requests. During this timeframe, the vendors did not provide complete and accurate information. Given the severity of issues noted and the potential impact to the Departments' and the State's financial statements, the auditors met with the Departments' management in December 2015 to discuss the lack of due diligence, lack of complete documentation provided, and the delays associated with responding to requests. From December 2015 through February 2016, the Departments worked with the vendors to provide the auditors with

information regarding identified risks and the associated corrective actions.

We recommended the Departments establish controls over project management and due diligence, such as improving vendor relationships, monitoring, testing, etc. for major projects, such as IES.

The Departments accepted the recommendation and have taken steps to address issues noted by the auditors.

INADEQUATE CONTROLS OVER TAX RATE INFORMATION USED TO CALCULATE EMPLOYER CONTRIBUTIONS

The Department of Employment Security (Department) erroneously overcharged tax contributions for new employers in 2013 through 2015.

During our audit, Department management notified us that during their routine preparation of tax rates for calendar year 2016, the Department discovered calculation errors in its system program that erroneously inflated average industry tax rates for 2013 through 2015, impacting employers in the administrative, support/waste management, construction, company management, manufacturing, mining, information, transportation/warehousing, and unclassified industries.

An adjusting entry of \$21.8 million consisting of \$14.9 million in employer tax contribution revenue and \$6.9 million in interest revenue was recorded in the financial statements to correct for the error.

We recommended the Department implement procedures to review and test specifications of system generated information used to calculate tax rates to mitigate the risk of errors.

The Department accepted the recommendation.

INADEQUATE ADMINISTRATION AND MONITORING OF AWARDS AND GRANTS PROGRAMS

The Department of Public Health (Department) did not adequately administer and monitor its awards and grants programs.

The Department expended over \$488 million (56%) of its total expenditures for awards and grants. We sampled 30 grant programs from six offices and noted the following weaknesses:

- The Department did not have written procedures to uniformly guide the administration of awards and grants.
- The Department had not established administrative rules for grants with the Joint Committee on Administrative Rules (JCAR).
- The Department did not have a standardized methodology, formal criteria, or mandatory site visits for monitoring grantees.
- Twenty-five of 48 grantees (52%) did not submit their audited financial statements for Fiscal Year 2014, and twelve of 48 grantees (25%) submitted their audited financial statements but there was no evidence of review performed.
- The Department did not sufficiently document its review and receipt of grant reports.

We recommended the Department develop and enforce a comprehensive grant administration program that includes the use of Government Accountability and Transparency Act (GATA) rules for grants and development and implementation of written procedures over the awarding and monitoring of all of the Department's grant awards. The comprehensive grant administration program should also include reviewing the programmatic and financial reports of grant recipients; developing a checklist or other method to sufficiently document the monitoring of grantees through quarterly reporting, desk reviews, site reviews and audit report reviews; and scheduling, conducting, and documenting grantee site visits. The Department should also consider implementing a risk-based methodology to determine the level of monitoring

that should be performed on each grantee, including on-site reviews of higher risk grantees.

The Department concurred with the finding and responded that a Grants Manual will be developed to support GATA implementation. Officials further stated they will evaluate to see if any expansion of the GATA rules is necessary.

INAPPROPRIATE PREPAYMENTS TO FUND MULTI-STATE PRIZE PAYMENT OBLIGATIONS

The Department of the Lottery (Department) inappropriately prepaid amounts from their fiscal year 2015 appropriation to the Multi-State Lottery Association to fund fiscal year 2016 Multi-State Lottery Association payment obligations in noncompliance with the State Finance Act (the Act) and Illinois Lottery Law (Law).

During testing of investment purchase expenditures, auditors noted that one expenditure for \$10,000,000 was made to fund future Multi-State game prize payment obligations (Mega Millions and Powerball). Upon further testing, it was noted that another prepayment had been made. In total, two vouchers for \$20,000,000 were processed on June 30, 2015 to pay for Multi-State game expenses for fiscal year 2016.

The Act states, “[a]ll appropriations shall be available for expenditure for the fiscal year or for a lesser period if the Act making that appropriation so specifies.”

In addition, the Illinois Lottery Law allows the Department to enter into an agreement or agreements with other state lotteries for the purpose of creating and operating multi-state lottery games. The Law states, “No such agreement shall purport to pledge the full faith and credit of the State of Illinois, nor shall the Department expend State funds on a contractual basis in connection with any such game unless such expenditures are expressly authorized by the General Assembly...”

In discussing these conditions with Department management, they indicated that due to the lack of a

ACCOUNTABILITY (CONT.)

fiscal year 2016 State budget, the Department sent additional funds to the multi-state clearing house to ensure the Department could continue to participate in the multi-state Lottery games.

We recommended the Department adhere to the Illinois laws prohibiting prepayment of future year obligations from the current year appropriation.

The Department agreed and indicated they will continue to review procedures to ensure it is in compliance with the Lottery Law.

INADEQUATE CONTROLS OVER BACKGROUND CHECKS

Northeastern Illinois University (University) did not have adequate controls in place for required background checks to be conducted prior to employment for those employees listed in security sensitive positions.

We selected 43 employees, 25 new hires of the University and 18 active employees in security sensitive positions for testing and noted that background checks were not completed for nine of the active employees and for four of the new hires.

We recommended the University continue to review and monitor its internal policies and procedures regarding the timely completion of background checks and complete all required background checks in accordance with the Statute. We further recommended the University obtain background checks for all active employees who had not received one previously.

The University agreed with the finding and recommendation.

INSUFFICIENT CONTROLS OVER THE HIRING OF NEW EMPLOYEES

Chicago State University (University) did not have sufficient controls in place to ensure compliance with University policies applicable to the hiring of certain new employees.

We selected a sample of 10 employees that were hired during fiscal year 2015 and noted the following:

- The University could not provide any documentation that the University had verified the employment history of any of the applicants.
- For seven of the new hires, the University could not provide evidence that it had verified the education credentials that were contained on the job applicant's resume.

We recommended the University improve its procedures to ensure compliance with University policies applicable to hiring.

The University agreed with the recommendation and has increased its pre-employment services to include background checks, verification of at least the last employment record, criminal record and education verification.

WEAKNESSES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

The Department of Central Management Services (Department) year-end financial reporting in accordance with generally accepted accounting principles (GAAP) to the Illinois Office of the State Comptroller contained significant errors in the determination of certain year-end account balances.

During the audit of the June 30, 2015 financial statements, we noted the following errors:

- The Department overstated the liability for workers' compensation claims by \$17.758 million due to the improper addition of claims held at June 30, 2015 to the actuarially determined liability.
- The Department overstated accounts payable in the Health Insurance Reserve Fund (0907) by \$16.964 million due to the improper duplication of held warrants in the accounts payable balance.
- The Department failed to record a liability for health insurance claims which were incurred but not adjudicated at June 30, 2015 in the Teacher Health Insurance Security Fund (0203). This error resulted in the understatement of liabilities and expenses by \$15.641 million.

ACCOUNTABILITY (CONT.)

- The Department overstated receivables by \$7.947 million due to the failure to establish a reasonable estimation methodology for certain rebate receivables at June 30, 2015.
- The Department overstated the amount of disbursements from the State Employees Deferred Compensation Plan Fund (0755) for June 2015 by \$5.916 million due to a spreadsheet input error.
- The Department overstated capital assets due to improper adjustments to Common Inventory System (CIS) records in determining balances for GAAP reporting. Improper adjustments were primarily the addition of vouchers to CIS balances which were already accounted for in CIS. These errors resulted in a \$5.239 million overstatement of capital assets.
- The Department overstated due from component units by \$4.476 million as a result of errors in estimating reimbursement payments to be received after June 30, 2015.
- The Department failed to consider proper accounts payable cutoff during the GAAP reporting process. The Department recorded all lapse period expenditures as accounts payable at June 30, 2015 without consideration of when goods were received or services rendered. After inquiry by the auditors, the Department prepared and provided an analysis showing accounts payable were likely overstated by \$920 thousand. The auditors identified errors in this analysis and the Department provided a revised analysis showing a likely overstatement of \$2.134 million. Auditors identified additional transactions totaling \$558 thousand which were improperly recorded as payables resulting in a total likely overstatement of \$2.692 million.
- The Department overstated inventory by \$1.290 million as a result of an adjustment to record liabilities for lapse period expenditures. The adjustment was made by fiscal staff improperly increasing the balance of inventory reported by Bureau of Agency Services staff.
- The Department overstated unearned revenues related to fiber optic leases by \$1.265 million. These errors were primarily due to the inclusion of duplicate billings in the Department's calculation of unearned revenues. Errors were also caused by incorrect deferral time periods.

We recommended the Department implement procedures and cross-training measures to ensure required financial information is prepared in a timely, accurate and complete manner. This should include allocating sufficient staff resources and the implementation of formal procedures to ensure adequate and reliable financial information is prepared and submitted to the Office of the State Comptroller. These procedures should address all elements of the Department's financial reporting process including, but not limited to, accruals for liabilities and receivables, maintenance of capital asset and inventory records, supervisory review of supporting spreadsheets for data accumulation, and the preparation of management estimates. Finally, we recommended the Department establish and document its process for preparing accounting estimates significant to its financial statements.

The Department agreed with the finding and stated that they have filled two vacant positions responsible for financial reporting. Additionally, the Department will work toward more comprehensive cross-training and communication among financial reporting staff at the Department and Shared Services. In regards to the overstatement of the rebate receivable, the Department has remedied the situation through a new contract requirement for the vendor to provide the necessary information within 60 days. Finally, the Department has begun an overhaul of its financial reporting procedures to ensure accurate and reliable financial information is prepared and submitted to the Office of the Comptroller.

GRAIN INSURANCE RESERVE FUND NOT FUNDED

The Illinois Grain Insurance Corporation (Corporation) has not established the \$2,000,000 Grain Insurance Reserve Fund as required by the Grain Code (Code) after repayment of funds owed the General Revenue Fund in April 2005.

Based upon the recommendations in response to this finding in the previous engagement, the Corporation board recommended either funding be sought from the Office of Management and Budget or legislative relief be sought to alleviate the statutory

ACCOUNTABILITY (CONT.)

requirement. Regarding the ongoing noncompliance, the Corporation stated the funding for the Grain Insurance Reserve Fund has not been requested.

We recommended the Corporation comply with the law by working with the Office of Management and Budget to obtain the necessary appropriation to fund the Grain Insurance Reserve Fund or seek legislative relief from the statutory requirement.

The Corporation agreed with our recommendation and stated the Board of Directors of the Corporation, with input from the Corporation Advisory Committee, will address the non-funding of the Grain Insurance Reserve Fund at its annual board meeting to be held by April 30, 2016.

INADEQUATE CONTROLS OVER CONDUIT DEBT

The Illinois Finance Authority (Authority) did not have adequate internal controls to properly maintain records for monitoring covenant compliance for conduit bonds. Some of the exceptions included the following:

Authority Functions and Duties

During testing of the Authority's records for 60 conduit bonds outstanding issued subsequent to January 1, 2004, the auditors noted the Authority could not substantiate the receipt of required documentation from borrowers or show evidence of the Authority's monitoring of the following significant bond covenants:

- Seven of 60 bond issuances tested (12%) did not have a certification stating the project funded by the bond issuance had been completed. Within the auditors' sample, eight bond issuances (88%) contained this provision.
- 35 of 60 bond issuances tested (58%) were missing the borrower's audited financial statements. Within the auditors' sample, 44 bond issuances (80%) contained this provision.
- Nine of 60 bond issuances tested (15%) were missing a separate written certification from the

independent auditors certifying the auditors have obtained no knowledge of any default by the borrower in the terms, covenants, provisions, or conditions of the agreement. Within the auditors' sample, 18 bond issuances (50%) contained this provision.

- 27 of 60 bond issuances tested (45%) did not have an annual certification that the borrower has performed a review of its activities during the preceding year to determine the borrower has kept, observed, performed, and fulfilled every covenant and the borrower is not in default with any covenant. In the event the borrower is in default with one or more covenants, the borrower must specify the nature and detail of each default to the Authority.

Bond Compliance Monitoring Checklists

During Fiscal Year 2014, the Authority developed a new monitoring checklist to better monitor the Authority's compliance requirements within outstanding bonds. During testing, the auditors noted 39 of 60 bond issuances tested (65%) did not have a compliance checklist prepared by the Authority.

Bond Trustee Service Organization Control Reports (SOC-1)

During the auditors' review of the Authority's monitoring and covenant compliance functions for the 60 bonds tested, the auditors noted two of the six (33%) bond trustees' SOC-1 reports (33%) were not obtained and reviewed by the Authority.

We recommended the Authority establish and maintain adequate controls over its monitoring of conduit covenant compliance and secure and review SOC-1 reports from the Authority's bond trustees.

Authority officials agreed with our recommendations.

INACCURATE FINANCIAL REPORTING

The Illinois Housing Development Authority (Authority) has not established adequate internal controls over the financial reporting process.

ACCOUNTABILITY (CONT.)

During our audit of the financial statements as of June 30, 2015, we noted the following:

- The Funds held by State Treasurer in the Home Program Fund balance sheet, which is also included in the governmental activities statement of net position, was overstated by \$11,613,795 as of June 30, 2015 as program income payouts/withdrawals were being recorded within the general ledger as a credit to federal funds revenue rather than as a credit to Funds held by State Treasurer. This general ledger error occurred in fiscal years 2013 and 2014. An adjustment was made by the Authority to adjust the July 1, 2014 beginning fund balance of the Home Program Fund and the beginning net position of the governmental activities by \$11,613,795.
- The Authority correctly recorded \$5,200,000 of receipts related to fiscal year 2016 as unearned revenue within the Mortgage Loan Program Fund. However, the Authority also incorrectly recorded the \$5,200,000 as both unearned revenue and an “other asset” within the Illinois Affordable Housing Trust Fund. An adjustment was made by the Authority to remove the \$5,200,000 recorded as unearned revenue and as an “other asset” within the Illinois Affordable Housing Trust Fund.
- The Authority incorrectly recorded \$11,160,954 of unearned revenue as a current liability in the Administrative Fund. However, \$8,388,583 of the unearned revenue represented a noncurrent liability. An adjustment was made by the Authority to record \$8,388,583 of unearned revenue as a noncurrent liability.
- The Authority incorrectly recorded an Illinois Affordable Housing Trust Fund loan payment received during fiscal year 2015 as a liability within the Administrative Fund. As a result, program loans receivable for the Illinois Affordable Housing Trust Fund were overstated by \$250,000, and accrued liabilities and other for the Administrative Fund were overstated by \$250,000. A proposed adjustment for this difference was recorded by the Authority.

We recommended the Authority review its current internal control policies and procedures to ensure

financial transactions are accurately reported in the general ledger and the financial statements.

Authority management agreed with the recommendation.

LATE PAYMENT OF STATUTORILY MANDATED TRANSFERS

The Illinois Office of the Comptroller (Comptroller) did not make all statutorily mandated transfers between State funds within established timeframes, as required.

During Fiscal Year 2015, we noted 475 transfers between State funds that were made greater than 30 days after the statutorily mandated transfer date. The range of days transfers were late spanned 31 to 459 days. As of November 2, 2015, some transfers were not yet completed. The total volume of late transfers was \$3.36 billion (\$2.60 billion from the General Revenue Fund).

Comptroller management stated the late payment of transfers occurred because of cash management decisions and prioritization due to the lack of available cash in the State Treasury. Further, some statutory provisions relating to transfers contain language such as “as soon as possible” which management feels should give them more time to complete the transfers.

We recommended the Comptroller make transfers within timeframes established by applicable statute. While we realize that lack of available funds in the State Treasury requires prioritization and cash management decisions, we also recommended the Comptroller continue in its efforts to make transfers in as timely manner as possible.

The Comptroller’s Office accepted the recommendation. Taking into account the financial condition of State funds, the Office will continue in its efforts to make transfers in the timeliest manner possible.

WEAKNESSES IN COMPUTER INVENTORY CONTROL

Southern Illinois University (University) was unable to locate 1,068 computers (579 from Carbondale and 489 from Edwardsville) during their annual inventory.

These items were noted as missing by University staff during a system-wide inventory cleanup effort conducted on its campuses during fiscal year 2015. The original cost of these items total \$1,477,354.38. The computers noted as missing represent 3.6% percent of the University's total computer inventory at June 30, 2015.

During testing, the auditors noted the University had not protected its computers with encryption software in the past, thus increasing the risk that confidential information could be exposed on the missing computers identified in this finding.

The University performed procedures to determine whether the missing computers contained confidential information, and based on the procedures performed did not identify any instances where confidential information was exposed. Confidential information routinely collected and

maintained by the University includes education records, health records, personal information, and sensitive information.

The University performed a formal risk assessment of computer equipment in their possession to identify all computer equipment that contained confidential information during fiscal year 2015. For computer equipment in their possession identified with confidential information, the University took corrective action to encrypt or protect confidential information identified on the computer equipment going forward.

We recommended the University:

- Review current practices to determine if enhancements can be implemented to prevent the theft or loss of computers.
- Continue to evaluate and secure new computers as necessary to ensure that confidential information is protected.

The University accepted our recommendation and had implemented corrective action by inventorying all computer equipment and encrypted all laptops with sensitive or personally identifiable information in fiscal year 2015. ❖

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, 41 Illinois State agencies expended federal financial assistance in FY15.

The Schedule of Expenditures of Federal Awards (SEFA) reflects total expenditures of approximately \$29.5 billion for the year ended June 30, 2015. Overall, the State participated in 361 different federal programs; however, 13 of these programs or program clusters accounted for approximately 90.0% of the total federal award expenditures.

FEDERAL AGENCIES PROVIDING FEDERAL FUNDING <i>For the year ended June 30, 2015</i>	
<i>U.S. Department</i>	<i>Millions</i>
Health & Human Services	\$ 13,354.1
Education	6,785.8
Agriculture	4,461.1
Labor	2,146.9
Transportation	2,030.6
All Others	752.7
Total Federal Award Expenditures	\$ <u>29,531.2</u>
<i>Source: FY 2015 State of Illinois Single Audit Report</i>	

Overall, 11 State agencies accounted for approximately 98.7% of all federal dollars spent during FY 2015.

Our audit testing focused primarily on the 31 major programs expending about \$28.2 billion in federal awards.

Our report contained 75 findings related to 13 State agencies.

SUMMARY OF FEDERAL SPENDING BY STATE AGENCY <i>For the year ended June 30, 2015</i>	
<i>Agency</i>	<i>Millions</i>
Healthcare and Family Services	\$ 10,978.0
Human Services	5,235.9
Student Assistance Commission	5,224.0
Board of Education	2,181.2
Transportation	2,022.2
Employment Security	2,002.7
Commerce & Economic Opportunity	478.6
Children & Family Services	401.2
Public Health	293.4
Environmental Protection Agency	182.6
Emergency Management Agency	140.2
All Others	391.2
Total Federal Spending	\$ <u>29,531.2</u>
<i>Source: FY 2015 State of Illinois Supplemental Report of Federal Expenditures by Agency/Program Fund.</i>	



THE PERFORMANCE AUDIT PROGRAM

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 the services are provided as intended by the General Assembly and directly impact and improve agency operations.

The General Assembly uses performance audit information to develop legislation, to deal with budgetary issues, and to direct agencies to improve programs. Some audits produce immediate changes. For example, Public Act 99-114 was passed recently to permit fines to be paid with in-kind services in certain circumstances in response to a recommendation in our 2014 audit of the *Center for Comprehensive Health Planning and Health Facilities and Services Review Board*.

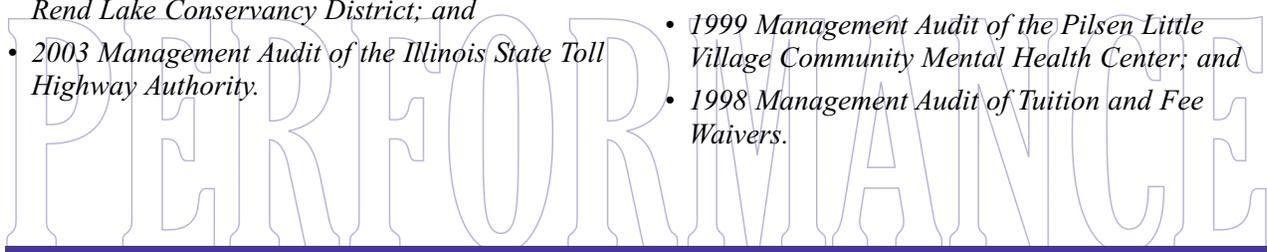
In other instances, significant changes may not be seen for several years. The length of time it takes to see changes is due to the process of transforming the audit findings and recommendations into legislative bills and converting bills into law; additionally, once a law is implemented, the effects may not be apparent for some time.

The National State Auditors Association (NSAA) established the Excellence in Accountability Awards program in 2003 to recognize outstanding performance audits and special projects. Performance audits conducted by the Office of the Auditor General (OAG) have received four NSAA awards in past years:

- 2012 *Management Audit of the Department of State Police's Administration of the Firearm Owner's Identification Act*;
- 2007 *Performance Audit of the Mass Transit Agencies of Northeastern Illinois: RTA, CTA, Metra, and Pace*;
- 2004 *Management and Program Audit of the Rend Lake Conservancy District*; and
- 2003 *Management Audit of the Illinois State Toll Highway Authority*.

Another national organization, the National Legislative Program Evaluation Society (NLPES), also has an Impact Award which is given annually to audits that demonstrate significant dollar savings, program improvements, or impact from a legislative and public perspective. The OAG has received the NLPES award for many audits as well:

- 2014 *Neighborhood Recovery Initiative audit*;
- 2012 *Management Audit of the College Illinois! Prepaid Tuition Program's Administrative Operations*;
- 2012 *Management Audit of the Department of State Police's Administration of the Firearm Owner's Identification Act*;
- 2011 *Management Audit of the State's Financial Reporting System*;
- 2010 *Program Audit of the Covering ALL KIDS Health Insurance Program*;
- 2009 *Management and Program Audit of the Illinois State Police's Division of Forensic Services*;
- 2008 *Performance Audit of the Department of Healthcare and Family Services' Prompt Payment Act Compliance and Medicaid Payment Process*;
- 2007 *Performance Audit of the Mass Transit Agencies of Northeastern Illinois*;
- 2006 *Management Audit of the Flu Vaccine Procurement and the I-SaveRx Program*;
- 2004 *Management and Program Audit of the Rend Lake Conservancy District*;
- 2003 *Management Audit of the Illinois State Toll Highway Authority*;
- 2002 *Management Audit of Agency Use of Internet User Tracking Technology*;
- 2001 *State Board of Education and Other State Agencies Providing Funding to Illinois' Regional Offices of Education*;
- 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*.



THE PERFORMANCE AUDIT PROGRAM

The Auditor General released six performance audits and three reviews in 2016. The performance audits released are listed below. Performance audits released in 2016 included a total of 66 recommendations for improvement.

In addition, the Performance Audit Division had the responsibility for 44 audits of Regional Offices of Education (ROEs) and three Intermediate Service Centers (ISCs) which covered Fiscal Year 2015. The FY15 ROE audits released in 2016 contained a total of 94 recommendations for improvement. ❖

PERFORMANCE AUDITS COMPLETED IN 2016

COVERING ALL KIDS HEALTH INSURANCE PROGRAM (FISCAL YEAR 2014)

Public Act 95-985 amended the Covering ALL KIDS Health Insurance Act [215 ILCS 170/63] and directed the Auditor General to annually audit the ALL KIDS program. This was the **sixth annual audit** and covered FY14. The focus of this audit was on “EXPANDED ALL KIDS,” which is the portion of the ALL KIDS program that serves uninsured children not previously covered by KidCare (children whose family income was greater than 200% of the federal poverty level or who were undocumented immigrants).

This FY14 audit followed up on the Department of Healthcare and Family Services’ (HFS) and the Department of Human Services’ (DHS) actions to address prior audit findings. Our audit found:

- In FY14, 81,440 children were enrolled in EXPANDED ALL KIDS for a total cost of \$70 million.
- Of the 28,695 EXPANDED ALL KIDS recipients that required an annual redetermination of eligibility in FY14, we found 6,625 (23%) were not redetermined annually as required.
- We tested 40 initial eligibility cases from FY14, and determined HFS and DHS were missing documentation needed to verify residency in 25%

of cases, birth/age in 38% of cases, and one month’s income in 54% of cases. In addition, we found income was incorrectly calculated in 18% of cases where income was reported.

- We tested 40 cases redetermined in FY14, and determined HFS and DHS were missing documentation needed to verify residency in 60% of cases, birth/age in 74% of cases, and one month’s income in 14% of cases. In addition, we found income was incorrectly calculated in 21% of cases where income was reported.
- In FY14, 166 recipients received 1,653 services totaling \$75,583 after the month of their 19th birthday. Additionally, there were 423 individuals who were enrolled with more than one identification number.
- We tested 40 initial eligibility cases and 40 cases redetermined during FY14. We found that 60% of the initial cases (24 of 40), and 43% of the redetermined cases (17 of 40), were coded as “undocumented” even though we found evidence supporting citizenship or documented immigrant status.
- We found the EXPANDED ALL KIDS data contained 5,536 recipients who were coded as “undocumented” even though their social security numbers were verified. In FY14, these 5,536 had 130,609 services for a total cost of \$4.79 million. If these recipients were classified as undocumented in error, the State did not receive eligible matching federal funds.

PERFORMANCE

PERFORMANCE AUDITS COMPLETED IN 2016 (CONT.)

- In 2011, HFS made the procedures for orthodontic services less stringent, which increased orthodontia claims from \$322,892 in FY 2010 to \$3.6 million by FY 2014. We recommended that HFS review and monitor eligibility for orthodontic services more effectively.
- DHS and HFS agreed with all five recommendations made in the audit report.

STATE MONEYS PROVIDED TO THE ILLINOIS CRIMINAL JUSTICE INFORMATION AUTHORITY FOR COMMUNITY BASED VIOLENCE PREVENTION PROGRAMS, THE AFTER-SCHOOL PROGRAM, AND THE CHICAGO AREA PROJECT

House of Representatives Resolution Number 888 directed the Auditor General to conduct a performance audit of the State moneys provided by or through the Illinois Criminal Justice Information Authority (ICJIA) to all community based violence prevention programs, the After-School Program, and the Chicago Area Project under contracts or grant agreements in Fiscal Year 2013 and in Fiscal Year 2014. During the audit we found that there were many monitoring controls in place at ICJIA for the three grant programs. However, ICJIA did not enforce those controls.

Our audit of the Neighborhood Recovery Initiative/Community Violence Prevention Program (NRI/CVPP), the After-School Program (ASP) and monies provided to Chicago Area Project (CAP) found selection process issues, contract issues, monitoring issues, fund recovery issues, and questioned cost issues.

- **Selection Process Issues:** We found that ICJIA:
 - Went outside its normal process and allowed an official from the Governor's Office to select the communities, providers, and funding levels for NRI/CVPP in Year 3 of the Program.

- Selected grantees from only 8 of 28 "priority" counties in the State for the ASP.
- **Contract Issues:** Our examination of the contracts for the three grant programs found:
 - Contracts in all three grant programs were not executed timely.
 - ICJIA allowed CAP to shorten the FY13 grant period without amending the agreement. Additionally, ICJIA and CAP failed to execute a budget for the FY14 funding.
- **Monitoring Issues:** Our examination of program information found:
 - Quarterly reporting was not timely for all three grant programs.
 - ICJIA failed to conduct site visits to ASP providers and was not timely in visits to NRI/CVPP providers.
 - Salaries charged to NRI/CVPP and CAP grants were in excess of figures reported in filings with the Attorney General.
 - ICJIA allowed CAP to hold between \$1 million and \$2 million over the course of the grant.
 - \$1.53 million in CAP funding that could not be reconciled to documents we received from CAP due to inaccuracies and/or inconsistencies in the documentation.
 - Required background checks for the NRI/CVPP program were not always completed.
 - Ineligible clients received reentry services for NRI/CVPP Program.
- **Fund Recovery Issues:** Our analysis of payment documentation and claimed expenses found:
 - Over \$2.2 million not recovered from the NRI/CVPP Program; and
 - Nearly \$427,000 not recovered from the CAP funding.
- **Questioned Cost Issues:** We tested expenditures at provider locations for all three grant programs and questioned:
 - Over \$289,000 in the NRI/CVPP Program;
 - Over \$532,000 in the ASP Program; and
 - Over \$318,000 in the CAP funding.

PERFORMANCE AUDITS COMPLETED IN 2016 (CONT.)

COVERING ALL KIDS HEALTH INSURANCE PROGRAM (FISCAL YEAR 2015)

Public Act 95-985 amended the Covering ALL KIDS Health Insurance Act (215 ILCS 170/63) directing the Auditor General to annually audit the EXPANDED ALL KIDS program beginning June 30, 2008, and each June 30th thereafter. This was the **seventh annual audit** (FY15), and followed up on the Department of Healthcare and Family Services' (HFS) and the Department of Human Services' (DHS) actions to address prior audit findings. The audit found:

- In FY15, children enrolled in EXPANDED ALL KIDS increased by 25 percent to 102,182.
- The total number of recipients increased from 52,075 on June 30, 2014 (FY14) to 66,258 on June 30, 2015 (FY15). The number of undocumented immigrant recipients decreased from 30,441 in FY14 to 26,183 in FY15.
- The number of citizen/documentated immigrant recipients (Premium Level 2) almost doubled from 21,634 in FY14 to 40,075 in FY15.
- Of the 29,881 EXPANDED ALL KIDS recipients that required an annual redetermination of eligibility in FY15, we found 3,715 (12%) were not redetermined annually as required.
- We tested 40 initial eligibility cases from FY15, and determined HFS and DHS were missing documentation needed to verify residency in 30% of cases, birth/age in 38% of cases, and one month's income in 38% of cases.
- We tested 40 cases redetermined in FY15, and determined HFS and DHS were missing documentation needed to verify residency in 20% of cases and birth/age in 78% of cases. Of the 35 cases tested where recipients reported having some income, we found 30 days of income was reviewed in all cases; however, we did identify

2 of the 35 cases (6%) where caseworkers did not calculate the income correctly.

- In FY15, 157 recipients received 1,276 services totaling \$104,704 after the month of their 19th birthday. Additionally, there were 477 individuals who were enrolled with more than one identification number.
- We tested initial eligibility cases and cases redetermined during FY15. We found that 44% of the initial cases (17 of 39), and 23% of the redetermined cases (9 of 40), were coded as "undocumented" even though we found evidence supporting citizenship or documented immigrant status.
- HFS and DHS did not identify the correct citizenship status for 5,999 recipients, and as a result, the State lost \$2.8 million in federal matching Medicaid funds in FY15. This issue has been reported since the first ALL KIDS audit, which was for FY09. ❖

DEPARTMENT OF HUMAN SERVICES' FORENSIC PATIENT TRANSPORT PROCEDURES

On May 14, 2015, the Illinois House of Representatives adopted Resolution Number 199 directing the Office of the Auditor General to conduct an investigation into circumstances surrounding the July 2014 escape during transport of an Elgin Mental Health Center forensic patient and to evaluate whether prisoner transport procedures need to be improved at Elgin Mental Health Center (MHC) or other State facilities. Subsequently, on July 29, 2015, the Legislative Audit Commission adopted Resolution Number 147 changing the language of House Resolution Number 199 from requiring an "investigation" to requiring an "audit."

PERFORMANCE

PERFORMANCE AUDITS COMPLETED IN 2016 (CONT.)

Prior to the July 2014 escape, Elgin MHC had few procedures with few specific instructions for handling a forensic patient during transport. Following the July 2014 escape, the Department of Human Services (DHS) and Elgin MHC improved the forensic patient transport process significantly. These improvements were made by strengthening policies, upgrading the security of vehicles, implementing a process to identify elopement (escape) risk before the transport, and conducting more training for employees.

The audit found:

- Six trip information packets, which contain patient information, could not be located and various documents were missing from these packets, including the Trip Log Progress Note, the Pre and Post Trip checklist, the Vehicle Maintenance checklist, and the Sally Port Officer Checklist.
- The patient transport checklist was, on occasion, missing important pieces of information, such as the patient's elopement risk assessment, the charge against the patient, or a clothing description.
- Security Device Authorization forms were not always filled out adequately (for example, did not have all required signatures).
- The patients and transport team were not always seated in accordance with Elgin MHC policy and the DHS Statewide Transportation Directive.
- Security Officers were not receiving all annual training as required by DHS policies.
- The policies for the other DHS State-operated facilities with adult forensic units were generally at least as strict as DHS' Statewide Transportation Directive, with some exceptions. Upon auditor inquiry, DHS promptly revised the policies to be in compliance with the Statewide Transportation Directive.
- The auditors also requested the transportation guidelines in use by the private community hospital providing juvenile forensic services and received a policy noted as "Draft 3/29/16." The hospital indicated to DHS that the 3/29/16 draft was the effective date of the policy and that it operated on this policy prior to actually drafting a written policy.

DEPARTMENT OF CHILDREN AND FAMILY SERVICES' PLACEMENT OF CHILDREN

Senate Resolution Number 140 directed the Auditor General to conduct a performance audit of the Department of Children and Family Services' compliance with its obligations to place children in its care in placements consistent with their best interests. The resolution directed the Auditor General to examine the number of children who remain in certain placements (psychiatric hospitals, emergency shelters, and detention facilities) longer than necessary and the reasons involved. Specifically, the resolution asked for:

- The number of children;
- The reason they remain at the facility;
- The length of time at the facility;
- The type of recommended placement;
- The barriers to timely placement; and
- Whether the children were placed as recommended.

The Department of Children and Family Services (DCFS or the Department) did not track and could not provide the majority of the information asked for in the audit resolution. We are only able to report on the number of children and length of stay for children in psychiatric hospitals and emergency shelters. For the information we can report, we had issues with data and questions on its accuracy and completeness.

In a sample of cases examined, we identified barriers to timely placement including:

- Delays caused by a lack of timeliness of the matching process which includes matching the youth to a facility, scheduling interviews, attending interviews, and waiting for acceptance;
- Delays in DCFS scheduling and holding a planning meeting, which determines the type of recommended placement;
- Wait lists at facilities after the youth was accepted;
- Administrative delays including delays in sending out referral packets to facilities; and

PERFORMANCE AUDITS COMPLETED IN 2016 (CONT.)

- Youth not cooperating by going on the run or refusing to attend interviews.

The audit also found:

- The Department was not consistently using its own required internal forms. This also resulted in a lack of consistency in the content of the case files.
- The Department lacked internal procedures on the placement of children for two of the three areas specified in the audit resolution. In addition, for the one area that had procedures, the procedures were not followed.

COLLEGE OF DUPAGE

On May 14, 2015, the Illinois House of Representatives adopted House Resolution No. 55 directing the Auditor General to conduct a performance audit of the College of DuPage. Overall, the audit found that the Board of Trustees could improve its oversight and the College could improve its operations in several areas. The audit contains a total of 19 recommendations to the Board and the College.

- The College could not provide documentation to show that the Board was evaluating the President's performance annually, as is required by Board policy and the President's employment agreement.
- The College could not provide documentation to show that the Board was receiving quarterly investment reports or that the College was annually reviewing its investments as required by Board policy.
- The need for budget transfers was not always clearly documented and there was not always proper and timely approval of budget transfers by officials.

- Procurements did not always comply with established requirements:
 - Requisitions lacked approval prior to the purchase;
 - We could not determine if bids were opened by a member or employee of the Board as required by the Illinois Public Community College Act; and
 - Files did not always contain the final signed contract or agreement.
- Between 2007 and 2013, the College of DuPage issued a total of \$366.46 million in bonds (\$321.84 million for construction and \$44.62 million for refunding bonds).
- Oversight of construction activities could be improved by:
 - Establishing a facilities/construction committee and requiring status reports at regular meetings;
 - Obtaining Illinois Community College Board (ICCB) approval of construction projects prior to the award of contracts and construction of projects as is required by ICCB's administrative rules (23 Ill. Adm. Code 1501.602(b));
 - Documenting competitive procurement exemptions for construction projects;
 - Establishing a written policy for the types of work classified as professional services;
 - Establishing a prequalification system for potential bidders; and
 - Approving and signing contracts prior to beginning work.
- For the peer group, the College of DuPage President had the highest total compensation for all four years reviewed, ranging from \$466,477 in FY2011 to \$495,092 in FY2014.

The College of DuPage Board of Trustees awarded the outgoing President a lump sum severance

PERFORMANCE

PERFORMANCE AUDITS COMPLETED IN 2016 (CONT.)

payment of \$762,868 in January 2015. Only 3 of 16 presidents at the other community colleges we reviewed received a lump sum payment upon separation, ranging from \$380,245 (Moraine Valley) to \$103,269 (Morton College).

REGIONAL OFFICES OF EDUCATION AUDITS

In addition to other duties, the Auditor General has the responsibility for annual audits of the financial statements of the regional superintendent of schools of each educational service region in the State.

There were a total of 47 Fiscal Year 2015 audits conducted: 44 of Regional Offices of Education (ROEs) and 3 of Intermediate Service Centers (ISCs). Our Office arranged for auditing firms to perform these audits under the general direction and management of the Auditor General's audit managers.

The FY15 ROE audits released in 2016 contained a total of 94 recommendations for improvement. Most of the recommendations dealt with the ROE not having sufficient internal controls including controls over their financial reporting processes.



PERFORMANCE AUDITS IN PROGRESS

STATE MONEYS PROVIDED TO THE KENWOOD OAKLAND COMMUNITY ORGANIZATION

House Resolution Number 324 directed the Auditor General to conduct a performance audit of the State moneys provided by or through State agencies to the Kenwood Oakland Community Organization under contracts or grant agreements in Fiscal Years 2010, 2011, 2012, 2013, 2014, and 2015. The audit is to include the following determinations:

- the purposes for which State moneys were provided to the Kenwood Oakland Community Organization, for each State agency and for each amount transferred;
- the nature and extent of monitoring by State agencies of how the Kenwood Oakland Community Organization used the State-provided moneys;
- the actual use of State moneys by the Kenwood Oakland Community Organization;
- whether, through a review of available documentation, the Kenwood Oakland Community

Organization has met or is meeting the purposes for which the State moneys were provided, with specific information concerning the Organization's staffing levels and its compensation of management employees; and

- whether the Kenwood Oakland Community Organization is in compliance with the applicable laws, regulations, contracts, and grant agreements pertaining to the Organization's receipt of State moneys.

COVERING ALL KIDS HEALTH INSURANCE PROGRAM

The Covering ALL KIDS Health Insurance Act was revised by Public Act 95-985 to require that the Auditor General annually perform an audit of the Covering ALL KIDS Health Insurance Program (215 ILCS 170/63). The audit is to include payments for health services covered by the Covering ALL KIDS Health Insurance Program and contracts entered into by the Department in relation to the Program.

PERFORMANCE AUDITS IN PROGRESS (CONT.)

DEPARTMENT OF HUMAN SERVICES - OFFICE OF THE INSPECTOR GENERAL

The Department of Human Services Act (Act) requires the Office of the Inspector General (OIG) to investigate allegations of abuse and neglect that occur in mental health and developmental disability facilities operated by the Department of Human Services (DHS). The Act also authorizes the OIG to conduct investigations in community agencies.

The Act requires the Auditor General to conduct a program audit of the Office of the Inspector General on an as-needed basis, as determined by the Auditor General. The audit shall include the Inspector General's compliance with the Act and effectiveness in investigating reports of allegations occurring in any facility or agency (20 ILCS 1305/1-17(w)).

PERFORMANCE AUDIT OF THE ILLINOIS HEALTH FACILITIES AND SERVICES REVIEW BOARD

The Illinois Health Facilities Planning Act at 20 ILCS 3960/19.5 (enacted by Public Act 96-031 and amended by Public Act 99-527) and the Illinois State

Auditing Act at 30 ILCS 5/3-1, directed the Auditor General to conduct a performance audit of the Illinois Health Facilities and Services Review Board and the Certificate of Need processes. The audit is to determine:

- whether changes to the Certificate of Need processes are being implemented effectively, as well as their impact, if any, on access to safety net services, and
- whether fines and settlements are fair, consistent, and in proportion to the degree of violations.

REGIONAL OFFICES OF EDUCATION

Since 2002, the School Code (105 ILCS 5/2-3.17a) has required the Auditor General's Office to conduct 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. For Fiscal Year 2016, a total of 38 audits are to be performed. ❖

THE INFORMATION SYSTEMS AUDIT PROGRAM

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 continue to emphasize the review of information system controls at State agencies. In 2016, we reviewed the following agencies:

Board of Higher Education, Chicago State University, Deaf and Hard of Hearing Commission, Department of Agriculture, Department of Central Management Services, Department of Employment Security, Department of Healthcare and Family Services, Department of Human Rights, Department of Human Services, Department of Labor, Department of Public Health, Human Rights Commission, Illinois Commerce Commission, Illinois Power Agency, Illinois State University, Independent Tax Tribunal, Office of the Comptroller, Secretary of State, State Board of Elections, University of Illinois, and Workers' Compensation Commission.

To enhance the control environment, the Auditor General has emphasized the review of networks and the security and control of confidential information. These reviews have focused on the necessity of establishing consistent and effective security policies and programs, performing comprehensive risk assessments, and implementing comprehensive security techniques 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 provided data processing services to approximately 103 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.



We reviewed the suitability of the design and operating effectiveness of controls to meet the criteria for the security, availability, and processing integrity principles set forth in TSP Section 100, *Trust Services Principles, Criteria, and Illustrations for Security, Availability, Processing Integrity, Confidentiality, or Privacy (AICPA, Trust Services Principles and Criteria)*.

We identified the following control deficiencies:

- The Department had not conducted periodic risk assessments, in order to identify threats and vulnerabilities, and assess the impact.
- The approved process to control Active Directory password resets was not being followed.
- The Department was unable to provide the auditors a universe of Active Directory ID modifications.
- The approved process to control mainframe password resets was not being followed by the Department.
- The Department was unable to provide the auditors a universe of mainframe security software ID modifications.
- The Department's Compliance Officer was responsible for monitoring and ensuring compliance with security policies. However, monitoring for compliance had not been conducted.

We concluded that the Department's description of system did not fairly present the system that was designed and implemented, the controls stated in the description were not suitably designed to provide reasonable assurance that the controls operated effectively, and the controls tested did not operate effectively. ❖

Six agencies – **Criminal Justice Information Authority, Department of Human Services, Department of Labor, Department of Lottery, Northeastern Illinois University, and Workers’ Compensation Commission** – had not adequately developed or tested recovery plans to provide for continuation of critical computer operations in the event of a disaster. We recommended that these agencies develop and test disaster contingency plans.

Five agencies – **Department of Central Management Services, Department of Public Health, Governors State University, Illinois Math and Science Academy, and Secretary of State** – had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards. We recommended that these agencies at least annually assess each program accepting credit card payments, review and validate its environment, and ensure agreements with service providers are current and maintained.

Three agencies – **Department of Central Management Services, Department of Human Services, and Housing Development Authority** – had not established adequate controls for securing their computer resources. We recommended that these agencies evaluate their computer environments and ensure adequate security controls and policies exist to safeguard computer resources.

Four agencies – **Department of Human Services, Department of Lottery, Human Rights Commission, and Secretary of State** – had not ensured the adequate security and/or disposal of confidential information. Confidential and personally identifiable information collected and maintained by agencies should be adequately secured at all times. As such, it is an agency’s responsibility to ensure adequate procedures for safeguarding all confidential information have been established, effectively communicated to all personnel, and continually enforced. We recommended these agencies assess their procedures for safeguarding and disposing confidential information.

Three agencies – **Department of Healthcare and Family Services, Department of Revenue, and**

Secretary of State – did not perform and document internal control reviews of all external data processing related service providers. We recommended that these agencies obtain or perform independent reviews of internal controls associated with service providers at least annually.

Two agencies – **Department of Healthcare and Family Services and Department of Human Services** – did not establish controls to conduct due diligence or ensure project management over the State of Illinois’ Integrated Eligibility System (IES) development project. We recommended that these agencies establish controls over project management and due diligence, such as improving vendor relationships, monitoring, and testing for major projects such as IES.

Four agencies – **Department of Agriculture, Department of Human Services, Department of Public Health, and Workers’ Compensation Commission** – had not implemented an effective systems development and/or change management processes to ensure changes to computer applications were properly approved, tested, and documented. We recommended that these agencies develop and implement a structured systems development process and change management standard to ensure adequate oversight of all changes to computer applications.

The **Department of Central Management Services** had weaknesses in the security over its midrange computing environment, compliance with hard drive wiping requirements of the Data Security on State Computers Act (20 ILCS 450), and enforcing and monitoring compliance with security policies. We recommended the Department ensure standards to secure and control the environment are implemented across the midrange environment and ensure compliance with the Act and security policies.

Agency officials generally concurred with our recommendations concerning these issues.

The Information Systems Audit Division also maintains the computer system environment for the office. ❖

OTHER OFFICE RESPONSIBILITIES

SMALL BUSINESS CONTRACTS ACT FISCAL YEAR 2016 ANNUAL REPORT

Public Act 97-307 created the Small Business Contract Act, effective August 11, 2011. The Act requires every State agency to establish as a goal “not less than 10% of the total dollar amount of state contracts” for award to small businesses. In addition to developing an annual compliance plan and filing a mid-year report, the Act requires each Chief Procurement Office to file an annual report by March 1 of each year detailing the agency’s level of achievement towards the goals specified in the Act over the three most recent fiscal years.

FY14 actual expenditures as of 8/26/14 were \$27,677,578. After subtracting out personal services and fringe benefits (which are not subject to competitive procurement), remaining FY14 expenditures were \$20,689,752. Applying the 10% small business contracting goal, our FY14 end-of-year goal was \$2,068,975.

Actual expenditures for certified small businesses during FY14 (for the period 7/1/13 through 8/25/14) totaled \$2,974,012 or 14.4% of non-salary expenditures. For those purchases with contracts (26), the average contract amount was approximately \$114,400. Overall, agency spending with registered small businesses in FY14 was 144% of our goal.

FY15 actual expenditures as of 8/31/15 were \$29,573,625. After subtracting out personnel services and fringe benefits (which are not subject to competitive procurement), remaining FY15 expenditures were \$22,745,210. Applying the 10% small business contracting goal, our FY15 end-of-year goal was \$2,274,521.

Actual expenditures for certified small businesses during FY15 (for the period 7/1/14 through 8/31/15) totaled \$3,555,202 or 15.6% of non-salary expenditures. For those purchases with contracts (32), the average contract payment amount in FY15 was \$109,791. Overall, agency spending with registered small businesses in FY15 was 156% of our goal.

FY16 actual expenditures as of 8/31/16 were

\$28,730,681. After subtracting out personnel services and fringe benefits (which are not subject to competitive procurement), remaining FY16 expenditures were \$22,306,674. Applying the 10% small business contracting goal, our FY16 end-of-year goal was \$2,230,667.

Actual expenditures for certified small businesses during FY16 (for the period 7/1/15 through 8/31/16) totaled \$3,436,337 or 15.4% of non-salary expenditures. For those purchases with contracts (25), the average contract payment amount in FY16 was \$137,453. Overall, agency spending with registered small businesses in FY16 was 154% of our goal.

ANNUAL AUDIT ADVISORY

Every year, the Auditor General’s Office distributes an Illinois Audit Advisory to all State agencies for the purpose of sharing information that may make their operations more efficient and effective, and increase compliance with State law. Copies of this audit advisory are available on our website at: www.auditor.illinois.gov.

COMPTROLLER’S ACCOUNTING SYSTEM REVIEW

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. 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.

STATE ACTUARY

Public Act 97-694, effective June 18, 2012, directed the Auditor General to “contract with or hire an actuary to serve as the State Actuary.” Among its duties, the State Actuary is required to “review assumptions and valuations prepared by actuaries retained by the boards of trustees of the State-funded

OTHER OFFICE RESPONSIBILITIES (CONT.)

retirement systems” and “issue preliminary reports... concerning proposed certifications of required State contributions submitted to the State Actuary by those boards.” [30 ILCS 5/2-8.1 (a) and (b)]

Through a competitive proposal process, the Auditor General awarded a contract in August 2012 to Cheiron, a full-service actuarial and consulting firm. Cheiron issued its preliminary reports to the five public retirement systems in December 2016. As required by statute, the Auditor General submitted a written report to the General Assembly and Governor on December 29, 2016, documenting the initial assumptions and valuations prepared by the actuaries retained by the boards of trustees of the State-funded retirement systems, the State Actuary’s preliminary reports, and the responses of each board to the State Actuary’s recommendations. The report is available in its entirety on our website at www.auditor.illinois.gov.

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 September 2014 peer review of the Auditor General’s audit processes resulted in an unmodified (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 from 1996 to the present, likewise resulted in unmodified opinions. Our next peer review is slated for 2017. ❖

CONTINUING PROFESSIONAL EDUCATION AND TRAINING REQUIREMENTS

The U.S. Government Accountability Office established Government Auditing Standards (the Yellow Book) for performing high-quality audit work with competence, integrity, objectivity, and independence to provide accountability and to help improve government operations and services.

The general standard relating to competence specifies that auditors assigned to perform the audit must collectively possess the adequate professional competence needed to address the audit objectives and perform the work in accordance with Generally Accepted Government Auditing Standards (GAGAS).

The Yellow Book also requires that auditors performing work in accordance with GAGAS, including planning, directing, and performing audit procedures or reporting on an audit, should maintain their professional competence through continuing professional education (CPE).

Specifically, each auditor performing work in accordance with GAGAS should complete, every 2 years, at least 24 hours of CPE that directly relates to government auditing, the government environment, or the specific or unique environment in which the audited entity operates. Auditors who are involved in any amount of planning, directing,

or reporting on GAGAS audits and auditors who are not involved in those activities but charge 20 percent or more of their time annually to GAGAS audits should also obtain at

least an additional 56 hours of CPE (for a total of 80 hours of CPE in every 2-year period) that enhances the auditor's professional proficiency to perform audits. Auditors should complete at least 20 hours of CPE in each year of the 2-year period. Auditors hired or initially assigned to GAGAS audits after the beginning of the 2-year CPE period should complete a prorated number of CPE hours.

The most recently completed 2-year period for CPE requirements as measured by the Office of the Auditor General was January 1, 2015, through December 31, 2016. All auditors, audit directors, and information specialists required to meet the CPE standards were in compliance for this 2-year period.

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



TRAINING

PERSONAL INFORMATION PROTECTION ACT COMPLIANCE

The Auditor General's Office has taken measures to comply with the requirements of the Personal Information Protection Act (815 ILCS 530 et seq.). OAG policies on confidentiality were strengthened and reinforced during the year for both employees and contractors. No known breaches of security of system data or written materials containing personal information under the Act occurred during calendar year 2016. ❖

OAG FRAUD HOTLINE

The Auditor General's Office is required by law [30 ILCS 5/2-15, added by P.A. 97-261, effective August 5, 2011] to operate a toll-free fraud hotline for the public to report allegations of fraud in the executive branch of State government. The hotline went into operation at the beginning of January 2012.

The toll free number is 1-855-217-1895. The hotline is available 24 hours a day, 7 days a week. Live operators are generally available Monday-Friday from 8:00 a.m. to 4:00 p.m. (CST).

In addition to calling the toll-free number, other options have been established for the public to report allegations of fraud. The public may also:

- Complete the Fraud Reporting Form on-line located on the OAG web-site (www.auditor.illinois.gov);
- E-mail a description of the allegation to: OAG.Hotline@illinois.gov;
- Contact the Auditor General via telecommunications device for the disabled (TTY) at 1-888-261-2887; or

- Send a written report via the U.S. Postal Service to the following address:
Fraud Hotline, Auditor General's Office,
740 E. Ash St., Springfield, IL 62703.

Individuals reporting alleged fraud to the hotline may remain anonymous. However, if the individual chooses not to be identified, the Office's ability to follow up on the allegation may be limited.

More information regarding the reporting of fraud allegations can be found at the Fraud Hotline section of the OAG website. Jurisdiction of the Fraud Hotline does not include the legislative or judicial branches of government, nor units of local government. Other resources the public may use to report fraud if it is outside of the jurisdiction of the OAG can also be found on the website. Even if the Auditor General's Office does not have jurisdiction over the allegation, our hotline manager will try to direct the caller to another State, federal, or local agency that may be able to help. ❖

CLAIMS DUE THE STATE AND METHODS OF COLLECTION

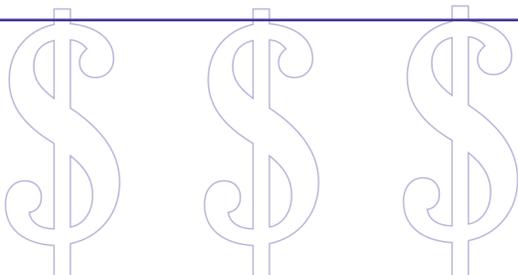
As required by law [30 ILCS 205/2 (k)], the Office of the Auditor General is reporting that there were no outstanding claims administered by the Office that were due and payable to the State as of December 31, 2016. The accounts receivables generated by our Office primarily represent billings to other 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 2016 (July 1, 2015 to August 31, 2016, including lapse period).

<i>FY 2016 - FINAL</i>			
	<i>Appropriation</i>	<i>Expended</i>	<i>Balance</i>
GRF Operations:			
Personal Services	\$5,644,500	\$5,643,092	\$1,408
Social Security	\$404,500	\$403,234	\$1,266
Contractual Services	\$613,500	\$610,447	\$3,053
Commodities	\$7,500	\$5,050	\$2,450
Paper and Printing	\$7,500	\$6,867	\$633
Equipment	\$16,500	\$13,827	\$2,673
EDP	\$54,000	\$45,935	\$8,065
Telecommunications	\$58,000	\$57,329	\$671
Operation of Automotive Equipment	\$1,000	\$530	\$470
	<u> </u>	<u> </u>	<u> </u>
GRF Operations Total	<u><u>\$6,807,000</u></u>	<u><u>\$6,786,311</u></u>	<u><u>\$20,689</u></u>
Audit Expense Fund:			
Audits/Studies/Invest.	<u><u>\$23,947,191</u></u>	<u><u>\$21,944,370</u></u>	<u><u>\$2,002,821</u></u>





FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS

FOR THE PERIOD(S) ENDING
JUNE 30, 2015, SEPTEMBER 30, 2015, AND DECEMBER 31, 2015.

(Released on or before December 31, 2016)

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

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
Architect of the Capitol		X		12-17-15
Arts Council		X		01-28-16
Arts Council Foundation	X	X		01-28-16
Attorney Registration and Disciplinary Commission (12/31/15)	X	X		05-26-16
Board of Admissions to the Bar (9/30/15)	X	X		03-24-16
Board of Examiners		X		02-11-16
Board of Higher Education		X		04-28-16
Capital Development Board	X			01-14-16
Chicago State University	X			12-17-15
Chicago State University		X	X	02-25-16
Civil Service Commission		X		12-03-15
Commission on Government Forecasting and Accountability		X		12-03-15
Comptroller - <i>Fiscal Officer Responsibilities</i>	X	X		12-30-15
Court of Claims		X		02-18-16
Criminal Justice Information Authority & IL Integrated - <i>Justice Information System</i>		X		05-12-16
DCMS - Deferred Compensation Plan - (12/31/15)	X			06-30-16
Deaf and Hard of Hearing Commission		X		12-10-15
Department of Agriculture		X		02-18-16
Department of Central Management Services	X	X		04-21-16
Department of Central Management Services - <i>Local Government Health Insurance Reserve Fund</i>	X			04-21-16
Department of Central Management Services - <i>Teacher Health Insurance Security Fund</i>	X			04-21-16
Department of Central Management Services - <i>Community College Health Insurance Security Fund</i>	X			04-21-16
Department of Employment Security	X	X		05-12-16
Department of Healthcare and Family Services	X	X		05-12-16
Department of Human Rights		X		01-26-16
Department of Human Services	X	X		06-02-16
Department of Labor		X		06-30-16
Department of Natural Resources (Capital Asset Account)	X			01-21-16
Department of Public Health		X		05-12-16
Department of Revenue	X			01-28-16
Department of Transportation	X			01-21-16
Drycleaner Environmental Response Trust Fund Council		X		03-31-16
DuQuoin State Fair (09/30/15)		X		12-15-16
Eastern Illinois University	X			02-04-16
Eastern Illinois University		X	X	03-31-16
Emergency Management Agency		X		01-28-16
Environmental Protection Agency (Water Revolving Fund)	X			01-26-16
Executive Ethics Commission		X		03-10-16

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS (CONT.)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
Executive Office of Inspector General		X		05-26-16
General Assembly - Senate		X		12-30-15
General Assembly - House		X		12-30-15
General Assembly Retirement System	X			01-12-16
General Assembly Retirement System		X		04-14-16
Governor's Office of Management and Budget		X		04-21-16
Governors State University	X			01-26-16
Governors State University		X	X	03-10-16
Guardianship and Advocacy Commission		X		12-17-15
Human Rights Commission		X		01-28-16
Illinois Commerce Commission		X		04-14-16
Illinois Commerce Commission – WETSA - (06-30-15)		X		01-14-16
Illinois Commerce Commission – WETSA - (12-31-15)		X		06-02-16
Illinois Conservation Foundation	X	X		12-17-15
Illinois Educational Labor Relations Board		X		01-21-16
Illinois Finance Authority	X			01-28-16
Illinois Finance Authority		X		02-18-16
Illinois Gaming Board	X			01-26-16
Illinois Grain Insurance Corporation	X	X		02-25-16
Illinois Housing Development Authority	X			12-23-15
Illinois Housing Development Authority		X	X	03-31-16
Illinois Labor Relations Board		X		02-04-16
Illinois Math and Science Academy	X	X		03-17-16
Illinois Math and Science Academy Fund	X	X		03-17-16
Illinois Council on Developmental Disabilities		X		01-14-16
Illinois Power Agency	X	X		12-30-15
Illinois State Fair (09/30/15)		X		12-15-16
Illinois State University	X	X	X	12-17-15
Illinois Student Assistance Commission (Including Golden Apple Scholars of IL)	X			01-26-16
Illinois Student Assistance Commission, IDAPP	X			01-26-16
Illinois Student Assistance Commission, Prepaid Tuition	X			01-26-16
Illinois Supreme Court		X		01-26-16
Independent Tax Tribunal		X		06-30-16
Judges' Retirement System	X			01-12-16
Judges' Retirement System		X		04-14-16
Legislative Audit Commission		X		12-30-15
Legislative Printing Unit		X		11-19-15
Legislative Reference Bureau		X		06-30-16
Legislative Research Unit		X		12-10-15
Literacy Foundation	X	X		01-28-16
Lottery, Dept. of	X	X		05-05-16
Mid Illinois Medical District Commission		X		10-15-15
Metro. Pier and Exposition Authority		X		10-15-15
Northeastern Illinois University	X			02-04-16
Northeastern Illinois University		X	X	03-17-16
Northern Illinois University	X			02-25-16

FINANCIAL AUDITS AND COMPLIANCE EXAMINATIONS (CONT.)

<i>AGENCY</i>	<i>F</i>	<i>C</i>	<i>S</i>	<i>DATE RELEASED</i>
Northern Illinois University		X	X	03-24-16
Office of the Governor		X		06-30-16
Office of the Lieutenant Governor		X		02-04-16
Secretary of State	X	X		03-24-16
Southern Illinois University	X			01-14-16
Southern Illinois University		X	X	03-17-16
State Board of Education	X			01-21-16
State Board of Elections		X		01-28-16
State Board of Investment	X			12-23-15
State Board of Investment		X		02-04-16
State Employees' Retirement System	X			01-12-16
State Employees' Retirement System		X		04-14-16
State Employees' Retirement System – <i>Special Purpose Report</i>	X			07-21-16
State Universities' Retirement System	X			01-12-16
State Universities' Retirement System		X		04-14-16
State Universities' Retirement System – <i>Special Purpose Report</i>	X			04-21-16
Statewide Financial Audit	X			04-05-16
Statewide Single Audit - Federal Funds			X	04-28-16
Supreme Court Historic Preservation Commission		X		11-19-15
Teachers' Retirement System	X			01-12-16
Teachers' Retirement System		X		03-24-16
Teachers' Retirement System – <i>Special Purpose Report</i>	X			04-21-16
Teachers' Pension and Retirement System - Chicago		X		03-03-16
Toll Highway Authority (12/31/15)	X	X		07-21-16
Treasurer - College Savings Plan	X			01-21-16
Treasurer - Fiscal Officer Responsibilities	X	X		01-21-16
Treasurer - Illinois Funds	X			01-21-16
Treasurer - Non-Fiscal Officer		X		03-17-16
Universities Civil Service Commission		X		11-10-15
University of Illinois	X			01-21-16
University of Illinois		X	X	03-24-16
Western Illinois University	X			01-14-16
Western Illinois University		X	X	03-03-16
Workers' Compensation Commission	X	X		02-11-16



AUDITS

REGIONAL OFFICE OF EDUCATION AND INTERMEDIATE SERVICE CENTER FINANCIAL AUDITS

FOR THE PERIOD ENDING JUNE 30, 2015

F = Financial Audits S = Single Audits

<i>AGENCY</i>	<i>F</i>	<i>S</i>	<i>DATE RELEASED</i>
ROE #01: Adams, Pike Counties	X		07-14-16
ROE #02: Alexander, Johnson, Massac, Pulaski, Union Counties	X		03-31-16
ROE #03: Bond, Fayette, Effingham Counties	X	X	03-10-16
ROE #04: Boone, Winnebago Counties	X	X	03-31-16
ROE #08: Carroll, Jo Daviess, Stephenson Counties	X		04-14-16
ROE #09: Champaign, Ford Counties	X		06-30-16
ROE #10: Christian, Montgomery Counties	X		09-22-16
ROE #11: Clark, Coles, Cumberland, Douglas, Edgar, Moultrie, Shelby Counties	X		04-14-16
ROE #12: Clay, Crawford, Jasper, Lawrence, Richland Counties	X		06-09-16
ROE #13: Clinton, Marion, Washington Counties	X	X	03-31-16
ROE #16: DeKalb County	X		10-27-16
ROE #17: Dewitt, Livingston, McLean Counties	X		03-10-16
ROE #19: DuPage County			*
ROE #20: Edwards, Hardin, Gallatin, Pope, Saline, Wabash, Wayne, White Counties	X		09-22-16
ROE #21: Franklin, Williamson Counties	X	X	04-14-16
ROE #22: Fulton, Schuyler Counties	X		10-27-16
ROE #24: Grundy, Kendall Counties	X		07-21-16
ROE #25: Hamilton, Jefferson Counties	X		03-17-16
ROE #26: Hancock, McDonough Counties	X		07-14-16
ROE #27: Henderson, Mercer, Warren Counties	X		04-14-16
ROE #28: Bureau, Henry, Stark Counties	X	X	09-22-16
ROE #30: Jackson, Perry Counties	X		07-14-16
ROE #31: Kane County	X		04-21-16
ROE #32: Iroquois, Kankakee Counties	X	X	07-28-16
ROE #33: Knox County	X		05-12-16
ROE #34: Lake County	X		07-28-16
ROE #35: LaSalle County	X		3-17-16
ROE #38: Logan, Mason, Menard Counties	X		05-12-16
ROE #39: Macon, Piatt Counties	X		07-14-16
ROE #40: Calhoun, Greene, Jersey, Macoupin Counties	X		9-22-16
ROE #41: Madison County	X		08-18-16
ROE #43: Marshall, Putnam, Woodford Counties	X		05-12-16
ROE #44: McHenry County	X		04-28-16
ROE #45: Monroe, Randolph Counties	X		08-18-16
ROE #46: Brown, Cass, Morgan, Scott Counties	X		07-14-16
ROE #47: Lee, Ogle Counties	X	X	07-21-16
ROE #48: Peoria County	X		06-30-16
ROE #49: Rock Island County	X	X	07-28-16
ROE #50: St. Clair County	X	X	06-09-16
ROE #51: Sangamon County	X	X	12-01-16
ROE #53: Tazewell County	X		03-31-16
ROE #54: Vermilion County	X		06-09-16
ROE #55: Whiteside County	X		03-31-16
ROE #56: Will County	X	X	07-28-16
Intermediate Service Center #01: North Cook	X		09-22-16
Intermediate Service Center #02: West Cook			*
Intermediate Service Center #04 South Cook	X	X	03-24-16

* Report not released as of December 31, 2016.

PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS

AUDITS IN PROGRESS

- Performance Audit of the Kenwood Oakland Community Organization
- Performance Audit of the Health Facilities and Services Review Board and the Certificate of Need Processes
- Program Audit of the Covering All Kids Health Insurance Program
- DHS - Office of the Inspector General

	8/14	Program Audit of the Covering All Kids Health Insurance Program
	7/14	Review of the Expedited Long Term Care Eligibility Determination and Enrollment System
	5/14	Performance Audit of the Center for Comprehensive Health Planning and the Health Facilities and Services Review Board
	4/14	Management Audit of the Illinois Law Enforcement Training and Standards Board's Use of Moneys Appropriated from the Death Certificate Surcharge Fund
	3/14	Review of the Department on Aging's Community Care Program Reform Implementation Report
12/16		Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust
11/16		Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees
09/16		College of DuPage
09/16		Performance Audit of Department of Children and Family Services' Placement of Children
08/16		Department of Human Services' Forensic Patient Transport Procedures
08/16		Program Audit of the Covering All Kids Health Insurance Program
04/16		State Moneys Provided to the Illinois Criminal Justice Information Authority for Community Based Violence Prevention Programs, the After-School Program, and the Chicago Area Project
02/16		Program Audit of the Covering All Kids Health Insurance Program
12/15		Appropriations from the General Professions Dedicated Fund for Pharmacy Programs at State Universities
12/15		Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust
11/15		Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees
12/14		Department of Children and Family Services' Search for Missing Children
12/14		Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust
11/14		Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees
11/14		Village of Robbins Use of Municipal Economic Development Funds
8/14		Management Audit of the State's Procurement of Inmate Telephone Service Vendors
	2/14	Performance Audit of the State Moneys Provided to the Illinois Violence Prevention Authority for the Neighborhood Recovery Initiative
	1/14	Village of Robbins Use of Municipal Economic Development Funds
	12/13	Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust
	12/13	The Covering ALL KIDS Health Insurance Program
	11/13	Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees
	10/13	Management Audit of the Department of Central Management Services' Administration of the State's Space Utilization Program
	7/13	Management Audit of the Illinois International Port District
	5/13	Management Audit of Illinois Public Universities
	5/13	Management Audit of Road Fund Revenue and Expenditures
	4/13	Management Audit of Management Positions in the Executive Branch
	4/13	Review of the Department of Healthcare and Family Services' SMART Act Implementation Report
	12/12	The Village of Robbins' Use of Municipal Economic Development Funds
	12/12	Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust
	11/12	Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees
	10/12	The Covering ALL KIDS Health Insurance Program

PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS (CONT.)

5/12	College Illinois! Prepaid Tuition Program	12/08	Annual Review of Information Submitted by the Chicago Transit Authority's Employee Retirement Plan and Retiree Health Care Trust
5/12	Department of Transportation's Implementation of Life-Cycle Cost Analysis	12/08	Department of Human Services Office of the Inspector General
4/12	The Workers' Compensation Program for State Employees	11/08	Village of Robbins' Use of Municipal Economic Development Funds
4/12	Illinois State Police's Administration of the Firearm Owners Identification Card Act	7/08	Review of Documents Related to the Proposed Sale of Bonds for the Chicago Transit Authority Retirement Plan and Retiree Health Care Trust
3/12	State's Procurement of Health Insurance Vendors	5/08	The Department of Healthcare and Family Services' Prompt Payment Act Compliance and Medicaid Payment Process
3/12	The Village of Robbins' Use of Municipal Economic Development Funds	2/08	Pilsen-Little Village Community Mental Health Center, Inc.
1/12	Certain Financial and Business Processes of the University of Illinois Board of Trustees	10/07	Inventory of State Programs
12/11	Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust	8/07	Funding Provided by or through the State of Illinois to the Chicago Project for Violence Prevention for the CeaseFire Program
11/11	Review of Information Submitted by the Retirement Plan for Chicago Transit Authority Employees	8/07	Payments to the Illinois Hispanic Chamber of Commerce by State Agencies
11/11	Department of Central Management Service's Operation of the State's Vehicle Fleet	7/07	Village of Robbins' Use of Municipal Economic Development Funds
9/11	Management Audit of the State's Boards and Commissions	4/07	Rend Lake Conserv. District Follow-up Report
4/11	Program Audit of the Covering ALL KIDS Health Insurance Program	3/07	Mass Transit Agencies of Northeastern Illinois: RTA, CTA, Metra, and Pace
2/11	State's Financial Reporting System	1/07	Department of Transportation's Aeronautics Operations
12/10	Village of Robbins' Use of Municipal Economic Development Fund	12/06	Department of Human Services' Office of the Inspector General
12/10	Annual Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust	9/06	Flu Vaccine Procurement and I-SaveRx Program
12/10	Department of Human Services – Office of the Inspector General	9/06	Village of Robbins' Use of Municipal Economic Development Funds
12/10	Annual Review of Information Submitted by the Chicago Transit Authority's Employee Retirement Plan	8/06	Department of Financial and Professional Regulation's Disciplining of Physicians
6/10	Exemptions Granted by the Civil Service Commission	6/06	Department of Central Management Services' Business Enterprise Program and Department of Transportation's Disadvantaged Business Enterprise Program
5/10	Covering All Kids Health Insurance Program	3/06	Department of Transportation's Traffic Safety Programs
1/10	Village of Robbins' Use of Municipal Economic Development Fund	2/06	Department of Commerce and Economic Opportunity's Administration of Its Economic Development Programs
12/09	Annual Review of Information Submitted by the Chicago Transit Authority's Retiree Health Care Trust	2/06	State Employee Travel - Modes of Transportation between Chicago and: Bloomington, Carbondale, Champaign-Urbana, Macomb, and Springfield
12/09	Regional Transportation Authority Follow Up	7/05	Village of Robbins' Use of Municipal Economic Development Funds
11/09	Annual Review of Information Submitted by the Chicago Transit Authority's Employee Retirement Plan	5/05	The Illinois School District Liquid Asset Fund Plus
9/09	Medical Assistance Program – Long Term Care Eligibility Determination	12/04	Department of Human Services' Office of the Inspector General
7/09	Grant to the Loop Lab School	9/04	Rend Lake Conservancy District
6/09	Department of Central Management Services' 2008 Joint Procurements of Bulk Rock Salt	9/04	Illinois Aquaculture Development Fund
5/09	Funding Provided by State Agencies to Heartland Human Services		
3/09	Illinois State Police's Division of Forensic Services		
3/09	Multi-Year Beverage Vending and Pouring Contract		
2/09	Coal Development Fund		

PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS (CONT.)

8/04	Village of Robbins' Use of Municipal Economic Development Funds	6/96	IHSA – Site Selection for Boys Basketball Finals
2/04	Department of Central Management Services' Administration of the State's Space Utilization Program	4/96	DMHDD – Reporting of Resident Abuse & Neglect
12/03	Regulation of Grain Dealers and the Grain Insurance Fund	5/95	Summer Unemployment at State Universities
11/03	Grade Crossing Protection Fund	2/95	Laws Considered Obsolete
9/03	Village of Robbins' Use of Municipal Economic Development Funds	1/95	Public Aid's Child Support Program
5/03	Illinois State Toll Highway Authority	12/94	Office of the Inspector General
4/03	Teachers Academy for Mathematics and Science	6/94	Toll Highway: Helicopters
1/03	Group Workers Compensation Self-Insured Pools	6/94	DMHDD: Abuse & Neglect
12/02	DHS Office of the Inspector General	5/94	Correctional Industries
8/02	Village of Robbins' Use of Municipal Economic Development funds	5/94	Central Management Services: Telecommunications
8/02	Department of Human Services' Early Intervention Program	3/94	Collection of Money from Circuit Clerks
7/02	Department of Public Aid's KidCare Program	1/94	State Housing Benefits
4/02	Department of Human Services Early Intervention Program Follow-up	5/93	Public Aid: Property Transfers
4/02	States Construction Contracting Methods	4/93	Office of the Inspector General
1/02	Agency Use of Internet User Technology	4/93	Early Intervention Services System
10/01	EPA's Vehicle Emissions Testing Program	4/93	User Fees
9/01	Illinois Health Facilities Planning Board	11/92	DMHDD: Abuse & Neglect
8/01	Board of Education and Other State Agencies Providing Funding to Regional Offices of Education	7/92	St. Anne's Lease
6/01	Village of Robbins' Use of Municipal Economic Development Funds	6/92	State Police I-SEARCH Program
5/01	Tuition & Fee Waivers Follow-up	5/92	Privatizing Weigh Stations
12/00	DHS Office of the Inspector General	4/92	Henry Horner's Children's Care
6/00	Municipal Economic Development Fund Distributions: Village of Robbins	3/92	Governor's Council on Health & Physical Fitness
3/00	Department of Public Aid: Child Support State Disbursement Unit	3/92	Case Management Practices
11/99	Illinois Math & Science Academy	1/92	State Legal Services
9/99	Department of Public Aid's Contracts with Delta Dental	11/91	State Regulation of Insurer Solvency
8/99	Pilsen-Little Village Community Mental Health Center	8/91	Higher Education "Systems of Systems"
7/99	Medicaid Home Health Care & Regulation of Home Health Agencies	7/91	Eastern Illinois University Coal Conversion Project
6/99	State Fire Marshal's Fire Investigations	6/91	Special Analysis: Build Illinois
5/99	Illinois Health & Human Service Providers	5/91	Availability of Obstetric Care
12/98	DHS: Inspector General	5/91	Collection of Sales & Taxes Receivable
9/98	Comptroller's Offset System	5/91	Property Forfeited Under the Illinois Controlled Substances Act
6/98	Nursing Home Prescreening	3/91	Illinois Competitive Access & Reimbursement Equity Program
5/98	IDOT's Road Construction Program	3/91	Nutritional Services Paid by the Department of Children & Family Services
4/98	Tuition & Fee Waivers	2/91	Illinois Multi-Year Fixed Contractual Obligations
5/97	Professional Regulation – Physicians Regulated Under the Medical Practices Act	2/91	Administrative Citations: Environmental Protection Agency
12/96	DMHDD – Office of the Inspector General	10/90	Project Chance Evaluation Contract
		10/90	Frequent Flyer Programs
		8/90	Parents Too Soon Program
		7/90	State University Tuition & Fee Policies & Practices
		7/90	Debt Collection Practices of Illinois & Other States
		5/90	DMHDD: Abuse & Neglect
		4/90	Veterans' Affairs Field Office Closures

PERFORMANCE AUDITS, INQUIRIES, & SPECIAL REPORTS (CONT.)

3/90	Illinois Competitive Access & Reimbursement Equity Program	2/86	Illinois Commerce Commission
1/90	Public Aid's Delta Dental	2/86	Advisory Boards & Commissions
12/89	Regional Transportation Authority	11/85	Data Security Practices
11/89	Illinois Sports Facilities Authority & the Chicago White Sox	11/85	Hazardous Waste Management
11/89	Five State Retirement Systems' Financial Status	9/85	Management & Collection of Claims Receivable
10/89	Feasibility of Consolidating State Revenue Bond Agencies	3/85	Perinatal Medical Care
7/89	Commerce & Community Affairs' Economic Development Programs	10/84	State Employee Travel
5/89	EPA's Hazardous Waste Mgmt. Program	1 0/84	Feasibility Study: Rock Island Co. Facility
4/89	Selected Auditor Comparability: Jobs & Pay	9/84	Employment Security Unemployment Insurance
2/89	AIDS Testing: Statutory Requirements & Costs	8/84	Salaried Non-working Time Benefits
1/89	Public Univ. Instructional Costs	8/84	Responsible Relative Requirements
1/89	Vehicle Emissions Testing Program	5/84	Board of Investment: Five State Retirement Systems
10/88	U of I Athletic Association	10/83	Commerce Comm.: Management Audits of Public Utilities
8/88	JTPA	5/83	Contractual Legal Services
7/88	Audit Status of Circuit Courts	4/83	Industrial Commission
6/88	Dept. of Revenue - Corporate Income Tax	12/82	Procurement Policies & Procedures
5/88	State Program of Internal Auditing	7/82	Criminal History Components
7/87	Computer Acquisition & Use in Higher Education	4/82	Financing of Improvements of Rock Island State Park
6/87	Chicago Housing Authority	1981	Chicago Road Fund
6/87	Cash Management Practices	12/81	DMHDD: Region 2
4/87	State Laboratory Services	11/81	Procurement of Real Property
4/87	U of I Hospital & Affiliated Clinics	10/81	Registration & Education: Investigation & Enforcement Functions
4/87	Chicago's Use of State Appropriated Funds	1/81	Licensing & Regulation of Bingo
10/86	State Pensions Assets Investment Performance	1/81	Chicago Bd. of Education
10/86	CMS - Lottery Building Lease	12/80	Nursing Home Reimbursement System
10/86	Property Management Problems - Mental Health Centers	12/80	DCFS Day Care Activities
5/86	Illinois Preferential Procurement Programs	11/80	Dept. of Personnel Management
4/86	State Toxicology Lab	10/80	Public Aid's Local Office Management
4/86	Legislative Printing Unit	9/80	Licensing of Grain Dealers
4/86	Engineering Programs in Illinois - NIU	7/80	Illinois Fair Employment Practices Commission
3/86	Claims & Accounts Receivable	6/80	Secretary of State Vending Services
3/86	Capital Development Board: Construction of the State of Illinois Center	5/80	Coastal Zone Management
		1/80	Court of Claims
		1/80	Cook Co. Health & Hospitals



