



**STATE OF ILLINOIS
DEPARTMENT OF
CENTRAL MANAGEMENT SERVICES**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2017

Performed as Special Assistant Auditors
For the Auditor General, State of Illinois



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STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

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Financial Statement Report:

The Department’s financial statement report for the year ended June 30, 2017, which includes the Independent Auditor’s Report, Basic Financial Statements and Notes to the Basic Financial Statements, Required Supplementary Information Other than Management Discussion and Analysis, Supplementary Information, and the Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* has been issued separately.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

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STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
For the Two Years Ended June 30, 2017

AGENCY OFFICIALS

Director	Tim McDevitt, Acting (3/3/18 – present) Michael Hoffman, Acting (1/16/16 – 3/2/18) Tom Tyrrell (through 1/15/16)
Assistant Directors	Markus Veile Amiel Harper (8/1/17 – present) Jimmy Odom, Acting (1/13/17 – 5/8/17) Kimberly McCullough-Starks (through 7/25/16)
Chief Administrative Officer	Vacant
Chief Operating Officer	Vacant (6/16/17 – present) Jennifer Waldinger (through 6/15/17)
Chief Fiscal Officer	Mark Lewis (7/1/17 – present) Karen Pape (through 6/30/17)
General Counsel	Ryan Green (2/1/17 – present) Ryan Green, Acting (11/1/16 – 1/31/17) LaShonda Hunt, Acting (7/1/16 – 10/31/16) Mike Basil (through 7/1/16)
Chief Internal Auditor	Jack Rakers, Acting (1/2/17 – present) Deborah Abbott (through 12/31/16)

Agency main offices are located at:

715 Stratton Office Building
401 South Spring Street
Springfield, IL 62706



March 5, 2018

Sikich LLP
3201 West White Oaks Drive, Suite 102
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Department of Central Management Services. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Department of Central Management Services' compliance with the following assertions during the two-year period ended June 30, 2017. Based on this evaluation, we assert that during the years ended June 30, 2016 and June 30, 2017, the Department of Central Management Services has materially complied with the assertions below.

- A. The Department of Central Management Services has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department of Central Management Services has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Department of Central Management Services has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Department of Central Management Services are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department of Central Management Services on behalf of the State or held in trust by the Department of Central Management Services have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

Department of Central Management Services

SIGNED ORIGINAL ON FILE

Tim McDevitt, Acting Director

SIGNED ORIGINAL ON FILE

Mark Lewis, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Ryan Green, ~~Acting~~ General Counsel

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information For State Compliance Purposes does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and a material weakness over internal control.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	9	9
Repeated findings	5	6
Prior recommendations implemented or not repeated	4	12

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
<i>FINDINGS (GOVERNMENT AUDITING STANDARDS)</i>			
2017-001	13	Weaknesses in internal control over financial reporting	Material Weakness
<i>FINDINGS (STATE COMPLIANCE)</i>			
2017-002	16	Inadequate controls over property and equipment	Significant Deficiency and Noncompliance
2017-003	21	Inadequate controls over electronic surplus property	Significant Deficiency and Noncompliance
2017-004	23	Inadequate monitoring of interagency agreements	Significant Deficiency and Noncompliance
2017-005	25	Failure to timely conduct yearly performance appraisals	Significant Deficiency and Noncompliance

2017-006	26	Noncompliance with the State Employment Records Act	Significant Deficiency and Noncompliance
2017-007	27	Untimely processing of refunds	Significant Deficiency and Noncompliance
2017-008	28	Noncompliance related to public liability claims	Significant Deficiency and Noncompliance
2017-009	30	Noncompliance with the Business Enterprise for Minorities, Women, and Persons with Disabilities Act	Significant Deficiency and Noncompliance

In addition, the following finding which is reported as a current finding related to *Government Auditing Standards* also met the reporting requirements for State Compliance.

2017-001	13	Weaknesses in internal control over financial reporting	Material Weakness and Material Noncompliance
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PRIOR FINDINGS NOT REPEATED

A	32	Inadequate security and control over the midrange environment
B	32	Inadequate software licensing monitoring
C	32	Lack of monitoring and enforcement of security policies
D	33	Weaknesses with Payment Card Industry Data Security Standard

EXIT CONFERENCE

The Department waived an exit conference. The responses to the recommendations were provided by Shayne Clennon, Internal Audit, on March 2, 2018.

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

As Special Assistant Auditors for the Auditor General, we have examined the State of Illinois, Department of Central Management Services’ compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2017. The management of the Department of Central Management Services is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Department of Central Management Services’ compliance based on our examination.

- A. The Department of Central Management Services has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Department of Central Management Services has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Department of Central Management Services has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Department of Central Management Services are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Department of Central Management Services on behalf of the State or held in trust by the Department of Central Management Services have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the Audit Guide as adopted by the Auditor General pursuant to the Act (the Audit Guide). Those standards, the Act, and the Audit Guide require that we plan and perform the examination to obtain reasonable assurance about whether the Department of Central Management Services complied, in all material respects, with the specified requirements listed above. An examination involves performing procedures to obtain evidence about whether the Department of Central Management Services complied with the specified requirements listed above. The nature, timing and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error.

We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Department of Central Management Services' compliance with specified requirements.

As described in item 2017-001 in the accompanying schedule of findings, the Department did not comply with the requirements regarding all applicable laws and regulations, including the State uniform accounting system in its financial and fiscal operations. Compliance with such requirements is necessary, in our opinion, for the Department of Central Management Services to comply with the requirements listed in the first paragraph of this report.

In our opinion, except for the noncompliance described in the preceding paragraph, the Department of Central Management Services complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2017. However, the results of our procedures disclosed other instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2017-002 through 2017-009.

The Department of Central Management Services' responses to the findings identified in our examination are described in the accompanying schedule of findings. The Department of Central Management Services' responses were not subjected to the procedures applied in the compliance examination and, accordingly, we express no opinion on the responses.

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

Internal Control

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a requirement listed in the first paragraph of this report will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, described in the accompanying schedule of findings as item 2017-001, to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, described in the accompanying schedule of findings as items 2017-002 through 2017-009, to be significant deficiencies.

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

The Department of Central Management Services' responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the Department's responses and, accordingly, we express no opinion on the responses.

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

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Department of Central Management Services as of and for the year ended June 30, 2017, and have issued our report thereon dated January 25, 2018 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Department of Central Management Services' basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 25, 2018. The accompanying supplementary information for the year ended June 30, 2017 in Schedules 1 through 7 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Department of Central Management Services. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2017 in Schedules 1 through 7 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2017 in Schedules 1 through 7 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2017.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the Department of Central Management Services' basic financial statements as of and for the years ended June 30, 2016 and June 30, 2015 (not presented herein), and have issued our reports thereon dated February 7, 2017 and February 1, 2016, which contained unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. The accompanying supplementary information for the years ended June 30, 2016 and June 30, 2015 in Schedules 2 through 7 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2016 and June 30, 2015 financial statements. The accompanying supplementary information for the years ended June 30, 2016 and June 30, 2015 in Schedules 2 through 7 has been subjected to the auditing procedures applied in the audits of the June 30, 2016 and June 30, 2015 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the years ended June 30, 2016 and June 30, 2015 in Schedules 2 through 7 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, and Department management and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
January 25, 2018, except for our report on the
Supplementary Information for State
Compliance Purposes, as to which
the date is March 5, 2018

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Frank J. Mautino
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the State of Illinois, Department of Central Management Services, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the State of Illinois, Department of Central Management Services' basic financial statements, and have issued our report thereon dated January 25, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Illinois, Department of Central Management Services' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Department of Central Management Services' internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Department of Central Management Services' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State of Illinois, Department of Central Management Services' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Department of Central Management Services' Response to Findings

The Department of Central Management Services' responses to the finding identified in our audit are described in the accompanying schedule of findings. The Department of Central Management Services' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the State of Illinois, Department of Central Management Services' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Department of Central Management Services' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
January 25, 2018

SCHEDULE OF FINDINGS

CURRENT FINDINGS – Government Auditing Standards

2017-001. FINDING (Weaknesses in internal control over financial reporting)

The Department of Central Management Services' (the Department's) year-end financial reporting in accordance with Generally Accepted Accounting Principles (GAAP) to the Illinois Office of the State Comptroller contained errors in the determination of certain year-end account balances.

The Illinois Office of the State Comptroller (IOC) requires State agencies to prepare year-end financial reports (GAAP Reporting Packages) for each of their funds to assist in the annual preparation of the Statewide financial statements and the Department's financial statements. GAAP Reporting Package instructions are specified in the Statewide Accounting Management System (SAMS) Manual, Chapter 27. Furthermore, the State Comptroller Act (Act) (15 ILCS 405/19.5) requires State agencies to report, on or before October 31 each year, all financial information as directed by the Comptroller in order to compile and publish a comprehensive annual financial report (CAFR) in accordance with GAAP. The Act permits the Comptroller to require certain State agencies to submit information before this date.

In accordance with the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001), management is responsible for establishing and maintaining a system, or systems, of internal fiscal and administrative controls, to provide assurance that, among other things, revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Management is also responsible for establishing a process for preparing reasonable accounting estimates.

During the audit of the June 30, 2017 financial statements, we noted the following errors resulting from the Department's failure to establish adequate internal control over the accumulation of information necessary for the proper reporting of financial information as follows:

- The Department understated accrued liabilities in the Health Insurance Reserve Fund (0907) by \$11.849 million due to the exclusion of certain prescription drug benefit liabilities. This misstatement also resulted in an understatement of the amounts due to Fund 0907 from the General Revenue Fund (0001) and Road Fund (0011) of \$11.263 million and \$586 thousand, respectively. The Department revised the applicable financial statements for this error.
- The Department understated accrued liabilities in the Local Government Health Insurance Reserve Fund (0193) by \$247 thousand due to the exclusion of certain prescription drug benefit liabilities. The Department revised the applicable financial statements for this error.
- The Department understated accrued liabilities in the Teacher Health Insurance Security Fund (0203) by \$2.032 million due to the exclusion of certain prescription drug benefit liabilities. The Department revised the applicable financial statements for this error.

- The Department understated accrued liabilities in the Community College Health Insurance Security Fund (0577) by \$199 thousand due to the exclusion of certain prescription drug benefit liabilities. The Department revised the applicable financial statements for this error.
- The Department overstated accrued liabilities in fund 0577 by \$102 thousand due to the inclusion of an amount paid prior to fiscal year end. The Department deemed this error to be immaterial and did not revise the financial statements.
- In the prior fiscal year, the Department understated their accrued liabilities and benefit payments in fund 0577 by \$8.853 due to a mathematical error when calculating the accrued liability. The Department restated its financial statements as of July 1, 2016 to correct for this error.
- The Department overstated accrued liabilities in the Facilities Management Revolving Fund (0314) by \$1.822 million due to vendor reimbursements that occurred during the lapse period. The Department did not revise the applicable financial statements for this error as it was considered immaterial.
- The Department overstated accounts receivable in fund 0907 by \$12.423 million due to including a deposit in transit in accounts receivable and cash. It should not have been included in accounts receivable. This misstatement also resulted in an understatement of the amounts due to Fund 0907 from the General Revenue Fund (0001) and Road Fund (0011) of \$11.809 million and \$614 thousand, respectively. The Department revised the applicable financial statements for this error.
- The Department overstated accounts receivable in fund 0193 by \$296 thousand due to including a deposit in transit in accounts receivable and cash. It should not have been included in accounts receivable. The Department revised the applicable financial statements for this error.
- The Department overstated accounts receivable in fund 0203 by \$1.898 million due to including a deposit in transit in accounts receivable and cash. It should not have been included in accounts receivable. The Department revised the applicable financial statements for this error.
- The Department overstated accounts receivable in fund 0577 by \$215 thousand due to including a deposit in transit in accounts receivable and cash. It should not have been included in accounts receivable. The Department revised the applicable financial statements for this error.
- The Department overstated revenues and expenses in fund 0907 by \$12.952 million due to a reclassification of the prior year cash on hand in both fiscal year 2016 and fiscal year 2017 from revenue to expense. Since the overstatements netted to \$0, there is no effect on net position. Therefore, the Department elected to not revise the applicable financial statements for this error as it was considered qualitatively immaterial.

During the previous engagement, the Department stated they would continue to work toward more comprehensive cross-training among staff and will continue to work to improve

communications from Bureau staff to Financial Reporting staff. Additionally, the Department would continue to update its financial reporting procedures to help ensure accurate and reliable financial information is prepared and submitted to the Office of the Comptroller. During the current engagement, the Department stated human error combined with staffing resources limiting independent review of financial transactions resulted in the deficiencies noted.

As a result of these deficiencies, the Department's GAAP reporting packages and financial statements were inaccurate and required corrections. (Finding Code No. 2017-001, 2016-001, 2015-001).

RECOMMENDATION

We recommend the Department implement procedures and cross-training measures throughout the Department to ensure required financial information is submitted to those responsible for financial reporting in a timely, accurate and complete manner. This should include allocating sufficient staff resources and the implementation of formal procedures to ensure accurate 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, supervisory review of supporting spreadsheets for data accumulation, and the preparation of management estimates.

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation. The Department will strive to implement cross-training measures and financial reporting procedures to ensure the timeliness, accuracy, reliability and reasonableness of data utilized to perform financial reporting. Additionally, the Department will continue to work diligently to fill key positions to ensure an independent, internal analytical review of calculations is documented and completed timely.

CURRENT FINDINGS – State Compliance

2017-002. FINDING (Inadequate controls over property and equipment)

The Department of Central Management Services (Department) did not demonstrate adequate control over property and equipment during the engagement period. Specific deficiencies noted as a result of our testing are described below.

Additions and Location of Equipment

During our testing of the additions of equipment and the physical inventory and location of equipment, we noted the following exceptions:

- Thirty-five of 40 (88%) additions tested totaling \$184,470 were not entered timely into the Department's property records. The delays ranged from 20 to 504 days.
- Seventeen of 40 (43%) additions totaling \$41,215 did not include shipping costs in the cost of the asset.
- The Department did not record 2 of 40 (5%) fixed assets totaling \$200 transferred from another State agency at the original cost of the assets.
- One of 30 (3%) of the assets tested for \$100 did not have a tag number, therefore we were unable to confirm it was the correct piece of property during the physical inventory testing.
- Three of 30 (10%) assets selected from various locations were not listed on the Department's property records.

The State Property Control Act (30 ILCS 605/4) requires responsible officers of the State maintain accountability for the supervision, control, and inventory of all property under their jurisdiction to ensure proper accounting and safeguarding of State assets. In addition, the Illinois Administrative Code (44 Ill. Adm. Code 5010.400) requires all property records to be adjusted within 30 days of acquisition, change, or deletion. The Statewide Accounting Management System (SAMS) Procedure 03.30.20 requires capital assets to be reported at historical cost and should include ancillary costs to be placed in service such as the cost of freight. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system of internal and fiscal control to provide assurance that funds, property, and other assets are safeguarded against waste, loss, unauthorized use and misappropriation. Furthermore, good internal control procedures require the proper tracking of equipment.

The Department stated the delay in entry of information into the Common Inventory System (CIS) was due to delayed submission of information to the Property Control Officer (PCO) and limited personnel to enter the data. The Department stated Property Control Liaisons did not always submit the tag sheets separately to the PCO upon receipt of the goods as noted in the procedures, but rather attached them to the voucher and sent them to Fiscal. The Department stated Fiscal submits their copy of the tag sheets along with the voucher information to the PCO. However, due to the budget impasse, the Department explained there was a significant delay of the payment of vouchers, which then delayed the information coming to the PCO. Further, the Department stated, not including the shipping costs was due to staff improperly filling out the tag sheets and an oversight of not catching the error when entering the data into CIS.

Deletions and Transfers

During our testing of the deletions and transfers of equipment, we noted the following exceptions:

Equipment transfers

- The Department did not provide all required information on the CMS Surplus Property Delivery Form for 35 of the 60 (58%) deletions or transfers tested totaling \$150,748. The acquisition cost and date were missing from 33 (55%) of these forms totaling \$143,566. The acquisition date alone was missing from 2 (3%) of these forms totaling \$7,182.
- The Department did not provide support for 1 of 60 (2%) transfers tested totaling \$624.
- The Department entered the incorrect transfer code for 1 of the 60 (2%) transfers tested for \$6,383.

Equipment deletions

- The Department did not provide support for 1 of 60 (2%) deletions tested totaling \$624.

The Illinois Administrative Code (44 Ill. Adm. Code 5010.310) establishes the rules for proper recording of transfers and disposals, including information and documentation required to be maintained in agency files.

The Department stated deletions and transfer reports that did not include all the correct information was due to the Bureau of Communications and Computer Services (BCCS) in fiscal year 2016 or Department of Innovation and Technology (DoIT) in fiscal year 2017 staff improperly filling out the surplus paperwork. Additionally, according to the Department, the missing supporting documentation for 3% of deletions or transfers tested was due to BCCS/DoIT staff not submitting it to the PCO.

Other

During our examination of the Department's Lost and Stolen property listing, we noted there were three unencrypted desktop computers in location codes under the jurisdiction of the Department that were reported lost during fiscal years 2016 and 2017. However, the Department could not determine whether they contained confidential information. In addition, we noted one of these desktop computers was recorded incorrectly on the Department's Lost and Stolen property listing sheet and we were unable to determine its location code. The tag number entered on the sheet was not a valid tag number. It is the Department's policy that desktop users use network drives to store information and not store any files on desktop hard drives; however, the Department did not prevent users from storing files on desktop hard drives and did not monitor this activity. The Department must be able to comply with the Personal Information Protection Act (815 ILCS 530/30) (Act) regarding the safe disposal of information, which requires any State agency that collects personal information that is no longer needed or stored at the agency to dispose of it as to ensure the security and confidentiality of the material. If the Department cannot identify whether or not the desktops contained confidential information, the Department cannot ensure it complied with this Act.

Department management attributed the cause to the Department's policy not including monitoring to ensure information is stored on network drives and not on desktop computers. Department management also could not determine if confidential information was contained on desktop computers that were determined to be lost.

The State Property Control Act (30 ILCS 605/7(b)) permits the Department to dispose of transferrable property by sale or scrapping. Items of transferable property which would ordinarily be scrapped and disposed of by burning or by burial in a landfill may be examined by the Department and determined if they can be recycled. The determination and any sale of recyclable property is to be performed in accordance with Department rules. As of January 2018, the Department had not drafted rules to determine whether transferable property can be recycled rather than burned or buried in a landfill.

Department management stated while the Department has not drafted administrative rules to determine whether transferable property can be recycled, the Department has implemented recycling and scrapping contracts to address this issue.

The Illinois Administrative Code (44 Ill. Adm. Code 5010.460) requires all agencies conduct an annual physical inventory of State equipment in their possession and provide a certification of such inventory to the Property Control Division (a unit within the Department). During our testing of the Department's equipment expenditures, we noted 2 of 40 (5%) expenditures totaling \$1,703 met the criteria for inclusion, but did not appear on the "Certification of Property Over \$500" report.

The Department stated the equipment that did not appear on the "Certification of Property Over \$500" report was due to the tag sheets not having been properly submitted to the property office to be recorded in CIS.

In response to this finding from the previous engagement, the Department stated it would continue to implement and improve on controls and procedures to ensure property and equipment additions, deletions, and transfers are properly and timely recorded. The Department stated it would continue to work with each bureau, travel to each location, and meet with all assigned property control liaisons to ensure the correct understanding of procedures, duties, and responsibilities, and that documents were submitted correctly and timely. The Department stated it was working with its bureaus to alter the parameters in the Central Inventory System for report generation so that the proper information regarding assets is exported for the Agency Report of State Property (C-15). Exceptions regarding the proper reporting for the C-15 were not noted during this engagement. Finally, the Department stated it would complete the update of property control procedures and share the procedures with all bureaus and liaisons. The procedures would also be made available on the Department's Intranet to communicate to all employees their responsibilities with regards to inventory control. The auditors noted these procedures were updated effective January 1, 2017.

Failure to maintain accurate property records increases the potential for theft or misappropriation of assets. The untimely addition of property to the Department's inventory may result in inaccurate fixed asset reports and misstated financial information. Failure to identify if confidential information is contained on lost or stolen items results in the potential exposure of confidential information. The errors noted above were considered immaterial to the financial statements and no adjustments were considered necessary. However, the exceptions noted represent noncompliance with State statute and the Illinois Administrative Code. (Finding Code No. 2017-002, 2015-003, 2013-003, 11-3, 09-6, 08-6, 07-10, 06-10, 05-18, 04-18, 02-1)

RECOMMENDATION

We recommend the Department implement controls and procedures to ensure its additions are entered timely and accurately, documentation exists to support location changes, transfers and deletions are properly recorded, the Certification of Inventory is timely and accurately prepared, and the other activities related to the Department's property comply with State statute and the Illinois Administrative Code.

DEPARTMENT RESPONSE

The Department concurs. We will continue to implement and improve on controls and procedures to ensure property and equipment additions, deletions, and transfers are properly and timely recorded. This will include training, as needed, on required documentation and submission procedures for property transactions; returning incomplete or incorrect documents to their originator for correction; and more accurately reviewing information entered into the property control system to minimize errors.

We will continue to work with each bureau, travel to each property location, and meet with all assigned property control liaisons to ensure correct understanding of the procedures, duties, and responsibilities; that documents are submitted correctly and timely; and that all tangible property is properly tagged in accordance with the latest Administrative Rules.

The Department will work with the Department of Innovation and Technology (DoIT) to ensure CMS's policies and procedures for the use of EDP equipment leased from DoIT complies with the Personal Information Protection Act (815 ILCS 530/30). The Department will also work to ensure CMS's policies and procedures reflect proper notification to DoIT in the event of a lost or stolen DoIT asset.

The Department will submit changes to the Administrative Rules to address the determination of transferrable property's ability to be recycled rather than by burning or by burial in a landfill as allowed under the State Property Control Act.

2017-003. FINDING (Inadequate controls over electronic surplus property)

The Department of Central Management Services (Department) continued to have inadequate controls over the surplus of electronic equipment inventory.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.110) requires the Department to regulate the accountability and control of all State-owned tangible personal property and regulate the disposal of all State-owned tangible personal property.

During our review of surplus electronic inventory, we noted:

- The Department did not wipe hard drives of electronic equipment; rather the Department relied upon the recycling vendor to complete this task. However, the required wiping certification provided by the recycling vendor did not comply with the provisions of the Data Security on Computers Act (20 ILCS 450).

The Data Security on State Computers Act requires agencies to implement a policy to mandate that all hard drives of surplus electronic data processing equipment be erased, wiped, sanitized, or destroyed in a manner that prevents retrieval of sensitive data and software before being sold, donated or transferred by (i) overwriting the previously stored data on a drive or a disk at least 3 times or physically destroying the hard drive and (ii) certifying in writing that the overwriting process has been completed by providing the following information: (1) the serial number of the computer or other surplus electronic data processing equipment; (2) the name of the overwriting software or physical destruction process used; and (3) the name, date, and signature of the person performing the overwriting or destruction process.

- The Department did not offer to State agencies or to municipalities and units of local government surplus equipment, rather the equipment was shipped to a recycling vendor.

The Department's Property Control Rules (44 Ill Admin Code 5010.110) stated that surplus electronic equipment was to be offered to any State agency, prior to being offered for sale. Where items could not be transferred to another State agency, the Department was to offer the equipment first to municipalities, units of local government, and other enumerated entities, and then to the general public.

- The Department did not provide certification of receipt of equipment within the 30 day timeline. As a result, the Department and other agencies were not able to adjust property records within the timeline.

The Department's Property Control Rules (44 Ill. Admin Code 5010.400) required agencies to adjust their property records within 30 days of acquisition, change or deletion of equipment items.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Department management indicated thoroughly processing transferable/recyclable electronic equipment in a responsible manner takes longer than the currently required timeline.

Failure to ensure and document that computer equipment is wiped on a timely basis increases the risk of unauthorized disclosure of confidential and sensitive information. Additionally, the lack of controls over surplus equipment is noncompliance with State law and the Illinois Administrative Code. (Finding Code No. 2017-003, 2015-007, 2013-005)

RECOMMENDATION

We recommend the Department ensure all electronic equipment is wiped as required by the Data Security on State Computers Act. In addition, the Department should ensure they comply with their Property Control Rules.

DEPARTMENT RESPONSE

The Department concurs. We are working with the recycling vendor to ensure the wiping certification they provide complies with the provisions of the Data Security on Computers Act (20 ILCS 450). The Department will continue to work toward presentation to JCAR of revised Property Control rules with regard to ensuring property transferred to State agencies, municipalities and local governments has a positive cost benefit to the State of Illinois; and extending the 30 day timeline currently required by the rule.

2017-004. FINDING (Inadequate monitoring of interagency agreements)

The Department of Central Management Services' (Department) process to monitor interagency agreements was inadequate.

During our testing of the Department's interagency agreements, we noted 9 of 25 (36%) interagency agreements were not signed by all parties prior to the commencement of services. These agreements were signed between 5 and 16 days late.

The Illinois Intergovernmental Cooperation Act (5 ILCS 220/5) states that an agency may contract with another agency to transfer authority or privileges, provided that the contract is approved by both agencies. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires that agencies establish internal fiscal and administrative controls to provide assurance that resources, obligations and costs are in compliance with applicable laws, rules and agreements. Good internal controls require the approval of agreements prior to the effective date.

In response to this finding from the previous engagement, the Department stated its legal department has a dedicated position that is responsible for maintaining a central file for interagency agreements and working with responsible agency attorneys to ensure that interagency agreements are properly approved prior to the effective or execution dates of such agreements. Further, all Department attorneys have been made aware that any interagency agreements entered into by their respective bureaus should be routed to appropriate legal department personnel as this will help the Department's efforts to identify expiring interagency agreements that need to be renewed, thus assisting the Department's efforts to have such agreements executed prior to the effective date. The Department stated circumstances do not always allow each agreement to be fully executed before it becomes effective. However, the Department stated it would continue to take every possible precaution to ensure that the material terms of each agreement are final and agreed upon, and strive to ensure that each agreement is fully signed, in advance of the effective date and prior to the commencement of services.

Related to the exceptions noted during the current engagement, Department management stated that the same factors noted during the previous engagement continue to contribute to interagency agreements not always being timely signed.

The Department entered into 140 agreements with other State agencies and other units of government during the examination period. The purpose of these agreements is to assist the Department in fulfilling its mandated mission. In order to assess whether the agreements are reasonable, appropriate, and sufficiently document the responsibilities of the appropriate parties, the contracts and agreements need to be approved prior to the effective date, and executed before the commencement of services. (Finding Code No. 2017-004, 2015-005, 2013-014, 11-15, 09-16, 08-18, 07-27, 06-17)

RECOMMENDATION

We recommend the Department ensure all interagency agreements are approved by an authorized signer prior to the effective date of the agreement and executed prior to the commencement of services.

DEPARTMENT RESPONSE

The Department concurs and will strive to ensure that all interagency agreements are approved by an authorized signor prior to the effective date of the agreement and are executed prior to the commencement of services by managing review and execution of all such agreements centrally through the Office of the Department General Counsel.

2017-005. FINDING (Failure to timely conduct yearly performance appraisals)

The Department of Central Management Services (Department) failed to conduct employee evaluations on a timely basis.

The Department's internal personnel policy states, "Participation in the evaluation process is a requirement for all CMS employees. Evaluations take place every 12 months..." The Illinois Administrative Code (80 Ill. Adm. Code 302.270(d)) (Code) requires each agency to prepare such evaluations not less often than annually. During our testing of 60 employee performance evaluations, we noted evaluations for 29 (48%) employees were not conducted in accordance with Department policies or the Code. The evaluations were performed 1 to 334 days after the annual date for the evaluation. In addition, evaluations were not performed in fiscal year 2017 for 5 (8%) employees tested.

In response to this finding from the previous engagement, the Department stated it would continue to monitor the evaluation process. The Department stated, in its response, on a monthly basis supervisors are notified of both upcoming evaluations due and past due evaluations. If the evaluation is overdue by two or more months the Bureau liaison is notified of the delinquency with a request from Personnel to ensure compliance. If delinquency continues, the Deputy Director is notified accordingly. Regarding the exceptions noted during the current engagement, the Department stated, with the suspension of increases and decreased staff doing more with less, annual evaluations have lost their urgency and priority in the last several years.

Annual employee evaluations help to support administrative personnel decisions by documenting regular performance measures. Late evaluations can cause delays in communicating positive and negative qualities of the employee's work performance. (Finding Code No. 2017-005, 2015-004, 2013-013)

RECOMMENDATION

We recommend the Department enforce its procedures throughout the Department to ensure the completion of performance evaluations in accordance with State rules and internal personnel policy.

DEPARTMENT RESPONSE

The Department concurs. While the Department has shown great improvement in complying with the personnel policy as it relates to the annual evaluations, we continue to monitor the evaluation process. We continue to notify managers monthly of both upcoming evaluations due and past due evaluations. If an evaluation is overdue by two or more months the Bureau liaison is notified of the delinquency with a request from Personnel to ensure compliance. If delinquency continues, the Deputy Director is notified accordingly. The Department is preparing for a Senior Leadership Training in March 2018 and a component of this training will be evaluations. Additionally, the Department is working to overhaul the evaluation process and procedures for merit comp employees; we expect changes designed for more compliant and meaningful evaluations to be implemented beginning in fiscal year 2019.

2017-006. FINDING (Noncompliance with the State Employment Records Act)

The Department of Central Management Services (Department) did not file accurate Agency Workforce Reports (reports) with the Office of the Governor and the Office of the Secretary of State.

We tested both of the reports required to be filed during the engagement period and noted the following:

- The report filed for fiscal year 2016 contained inaccurate information. The “Caucasian Males” total count and percentage of total employees was not reported.
- The report filed for fiscal year 2015 contained clerical errors. The percentage of “Black or African American Males New Hires” should have been 7.1% rather than the 47.1% reported.

At the time we concluded our testing, the Department had not submitted amended reports to the Illinois Secretary of State or the Governor’s Office.

The State Employment Records Act (5 ILCS 410/1 et seq.) requires State agencies to annually report to the Office of the Secretary of State and the Governor’s Office the number of minorities, women, and physically disabled persons along with the related salary and statistical information to provide State officials and administrators with the information to help guide efforts to achieve a more diversified workforce. The Illinois State Auditing Act (30 ILCS 5/3-2.2) requires State agencies to file corrected reports with the Office of the Secretary of State and the Governor’s Office within 30 days after the release of the audit.

Department management stated the issues resulted from clerical errors, staff oversight and failure to review the filing carefully.

The data contained in the report is important to the State’s efforts in achieving a diversified workforce. Failure to accurately prepare the report results in noncompliance with the State Employment Records Act. (Finding Code No. 2017-006)

RECOMMENDATION

We recommend the Department submit a corrected “Agency Workforce Report” for fiscal years 2016 and 2015 to the Office of the Secretary of State and the Governor’s Office in order to ensure compliance with the Illinois State Auditing Act. In addition, we recommend the Department ensure the Agency Workforce Report is properly completed.

DEPARTMENT RESPONSE

The Department concurs and will resubmit corrected reports to the Office of the Secretary of State and the Governor's Office within 30 days after the release of the audit to ensure compliance with the Illinois State Auditing Act. In the future, the Department will strive to ensure that the Agency Workforce Report is completed properly by reviewing thoroughly for errors prior to submission.

2017-007. FINDING (Untimely processing of refunds)

The Department of Central Management Services (Department) did not deposit refunds in compliance with the State Officers and Employees Money Disposition Act (30 ILCS 230/2) (Act).

Five of 40 refunds tested (13%) totaling \$31,888 were not deposited into the State treasury timely according to the provisions of the Act. The refunds were deposited between 1 and 3 business days late.

The Act requires payment into the State treasury the gross amount of money received on the day of actual physical receipt with respect to any single item of receipt exceeding \$10,000, within 24 hours of actual physical receipt with respect to an accumulation of receipts of \$10,000 or more, or within 48 hours of actual physical receipt with respect to an accumulation of receipts exceeding \$500 but less than \$10,000, disregarding holidays, Saturdays and Sundays, after the receipt of the same, without any deduction on account of salaries, fees, costs, charges, expenses or claims of any description.

Department management stated that these types of receipts are normally approved for a deposit extension by the Comptroller and Treasurer; however, this fund was inadvertently left off the extension request for fiscal years 2015 through 2017. The error was discovered and corrected on the deposit extension approved for fiscal year 2017 through 2019.

Failure to deposit refund checks in a timely manner results in noncompliance with the Act. (Finding Code No. 2017-007)

RECOMMENDATION

We recommend the Department implement the necessary procedures to ensure the deposits of refunds are made in a timely manner.

DEPARTMENT RESPONSE

The Department concurs and corrected the error on the deposit extension request to include these types of receipts; the extension request was approved by the Comptroller and Treasurer for fiscal years 2017 through 2019.

2017-008. FINDING (Noncompliance related to public liability claims)

The Department of Central Management Services (Department) failed to obtain proper approval for public liability claim settlements in accordance with the Civil Administrative Code of Illinois (20 ILCS 405/405-105(11) (Code).

The Code states that any settlement of a public liability claim filed against a State employee on the basis of an occurrence in the course of the employee's State employment must be approved by the Director and, in cases of settlements exceeding \$100,000, by the Governor, and a settlement of any public liability claim against the State or a State employee shall require an unqualified release of any right of action against the State and the employee.

Seventy public liability claim settlements for fiscal year 2016 and 24 for fiscal year 2017 were paid out in fiscal year 2017, for a total of 94 settlement for the engagement period. We tested 25 settlements and noted:

- Two of 25 (8%) settlements tested were not approved by the Director, as required by the Code.
- Of the settlements tested, one of 25 (4%) exceeded \$100,000. This claim was not approved by the Governor as required by the Code.
- Two of 25 (8%) settlements tested did not include a statement signed by the claimant, approving the settlement and completing settlement of all claims against the named employee, the State, its officers and employees. This release also waives and forgoes any further administrative or judicial course of action that the claimant may have or later be entitled.

Department management stated the issues were caused by the Department viewing its function in the Public Liability Settlements as acting as the claims payer. The fiscal review for payment did not include a review for compliance with the statute by the originating agency.

Failure to meet all of the statutory requirements established for public liability claim settlements is a violation of State statute. A lack of oversight regarding the approvals could lead to overpayments of public liability claims. (Finding Code No. 2017-008)

RECOMMENDATION

We recommend the Department develop and enforce procedures which require the proper approvals and claimant signatures for public liability claim settlements in accordance with the Code.

DEPARTMENT RESPONSE

The Department concurs and will implement procedures to ensure a review for compliance with the statute prior to processing claims for payment. The Department would like to note that the settlement that exceeded \$100,000 had been approved by the Acting Director of the Agency on behalf of which the settlement was paid as well by the Attorney General of the State of Illinois prior to payment.

Additionally, the two settlements that were not approved by the Director, had been approved by the General Counsel of the agency on behalf of which CMS paid the settlements as well as by the Attorney General.

2017-009. FINDING (Noncompliance with the Business Enterprise for Minorities, Women, and Persons with Disabilities Act)

The Department of Central Management Services (Department) did not comply with all elements of the Business Enterprise for Minorities, Women, and Persons with Disabilities Act (30 ILCS 575/5) (Act).

The Act created the Business Enterprise Council for Minorities, Women, and Persons with Disabilities (Council). The Director of the Department is to serve as the Council chairperson and shall select, subject to approval of the Council, a Secretary responsible for the operation of the program. The Secretary is to serve as the Division Manager of the Business Enterprise for Minorities, Women, and Persons with Disabilities Division of the Department.

According to the Act, the Council's authority and responsibility is to:

- Devise a certification procedures to assure that businesses taking advantage of the Act are legitimately classified as business owned by minorities, women, or persons with disabilities.
- Maintain a list of all businesses legitimately classified as businesses owned by minorities, women, or persons with disabilities to provide to State agencies and public institutions of higher education.
- Review rules and regulations for the implementation of the program for businesses owned by minorities, women, and persons with disabilities.
- Review compliance plans submitted by each State agency and public institutions of higher education pursuant to the Act.
- Make annual reports to the Governor and the General Assembly on the status of the program.
- Serve as a central clearinghouse for information on State contracts, including the maintenance of a list of all pending State contracts upon which businesses owned by the minorities, women, and persons with disabilities may bid.
- Establish a toll free telephone number to facilitate information requests concerning the certification process and pending contracts.

The Department did not maintain minutes to support the Business Enterprise Council's Compliance Subcommittee meetings. As a result, the Department could not demonstrate the Council reviewed State agency compliance plans during fiscal year 2016. The Act states that it is the Council's authority and responsibility to review compliance plans submitted by each State agency and public institutions of higher education (30 ILCS 575/5(2)(d)). The State Records Act (5 ILCS 160/8) states the head of each agency shall cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

In addition, the Secretary of the Council is responsible for various functions of the Council, which includes devising appropriate policies, regulations, and procedures for including minorities, women, and persons with disabilities as prime contractors including solicitation lists and investigating the potential of blanket bonding programs for small construction jobs (30 ILCS 575/5(5)(d)). The Secretary of the Council did not perform this responsibility during the engagement period.

Department management stated the Council provided the compliance subcommittee the State agencies' and public institutions' compliance plans for the subcommittee's review and any recommended revision. Due to other priorities, the minutes were not detailed enough to reflect this action.

Failure to maintain meeting minutes prevents interested parties from reviewing what was discussed during Council meetings and prevents the Department from demonstrating compliance with the Act. Failure to develop policies, regulations, and procedures for including participation by businesses owned by minorities, women, and persons with disabilities as prime contractors represents noncompliance with the Act. (Finding Code No. 2017-009)

RECOMMENDATION

We recommend the Department maintain detailed minutes to support the Business Enterprise Council's Compliance Subcommittee meetings and ensure the Secretary of the Council develops policies, regulations, and procedures for including minorities, women, and persons with disabilities as prime contractors as required by the Act.

DEPARTMENT RESPONSE

The Department concurs and has put in place measures to create and preserve detailed minutes and proper documentation.

PRIOR YEAR FINDINGS NOT REPEATED

A. **FINDING** (Inadequate security and control over the midrange environment)

During the previous engagement, the Department of Central Management Services (Department) had not implemented adequate security and controls over the midrange environment. Since fiscal year 2007, the auditors had noted the Department had not implemented adequate security and controls over the midrange environment. Again in fiscal year 2016, the auditors noted the Department had not remediated the security and control issues, including not requiring passwords for powerful administrator accounts; permitting servers to run with unsupported operating systems or service pack versions, anti-virus software, and without being properly backed up; and accounts with deficient password length, change interval, and content requirements.

Executive Order 2016-01 created the Department of Innovation and Technology (DoIT). The responsibility to have effective security and control over the midrange environment was transferred to DoIT effective July 1, 2016. This issue will be followed up on in the DoIT engagement. (Finding Code. 2016-002, 2015-002, 2014-001, 2013-002, 12-2, 11-2, 10-2, 09-4, 08-7, 07-11)

B. **FINDING** (Inadequate software licensing monitoring)

During the previous engagement, the Department did not have procedures in place to track, control, and monitor end-user software use. In addition, during the previous engagement, the Department had not developed procedures for the monitoring and tracking of software licenses and had not reconciled their software inventory system with purchased vendor software inventory.

Executive Order 2016-01 created the Department of Innovation and Technology (DoIT). The responsibility for adequate software licensing monitoring was transferred to DoIT effective July 1, 2016. This issue will be followed up on in the DoIT engagement. (Finding Code. 2015-006, 2013-011, 11-7, 09-8, 08-10, 07-14)

C. **FINDING** (Lack of monitoring and enforcement of security policies.)

During the previous engagement, the Department did not monitor or enforce compliance with security policies. At that time, the Department was responsible for maintaining an information technology environment and a myriad of applications. The environment and applications were utilized by State agencies to process and maintain critical and confidential information related to the business of each agency and the State.

Executive Order 2016-01 created the Department of Innovation and Technology (DoIT). The responsibility to monitor or enforce compliance with security policies was transferred to DoIT. This issue will be followed up on in the DoIT engagement. (Finding Code. 2015-008)

D. **FINDING** (Weaknesses with Payment Card Industry Data Security Standard)

During the previous engagement, the Department had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS). The Department's Bureau of Benefits and Bureau of Agency Services accepted credit card payments for I-Bid Property and Vehicle Sales, Vehicle Auctions, State and Federal surplus and for insurance premiums from members on leave, respectively. In fiscal years 2014 and 2015, the Department handled approximately 7,604 transactions totaling \$3,569,102 and 17,512 transactions totaling \$4,135,513, respectively.

During the current engagement, based on our testing, we determined the Department followed applicable PCI requirements to promote security, integrity, and availability of transactions and data. As a result, this finding was not repeated. (Finding Code. 2015-009)

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
MANAGEMENT AUDIT FOLLOW-UP
For the Two Years Ended June 30, 2017

2008 JOINT PROCUREMENTS OF BULK ROCK SALT

The Office of the Auditor General conducted a management audit of the Department of Central Management Services' (Department) 2008 Joint Procurements of Bulk Rock Salt pursuant to Legislative Audit Commission Resolution Number 138. The audit was released in June 2009 and contained eight recommendations to the Department. As part of the fiscal year 2009 financial audit and compliance examination, we noted that seven of the eight recommendations were fully implemented and one of the eight recommendations was partially implemented. As part of the follow up performed during the fiscal years 2011 and 2010 financial audit and compliance examination, the fiscal years 2013 and 2012 financial audit and compliance examination, and the fiscal years 2015 and 2014 financial audit and compliance examination, we noted the remaining recommendation remained partially implemented. As part of the fiscal years 2017 and 2016 financial audit and compliance examination we followed up on the status of the remaining recommendation.

Recommendation #6 – Data Analysis and Cost Savings

The Department should compile appropriate electronic data sufficient to conduct analysis of bids and work with local communities to make the most cost effective decisions in jointly procuring bulk rock salt.

Status – Partially Implemented

During the fiscal year 2015 and 2014 engagement, it was noted that the Department had purchased an e-Procurement system, BidBuy, which they believed would streamline processes, increase efficiencies, decrease expenditures and create transparency in the procurement process. The electronic system is to allow for large, complex procurements such as rock salt. The e-Procurement system was not fully implemented during the current engagement period. It presently is in the pilot phase. The Department anticipates having the new system fully functional in mid-fiscal year 2018.

Once the Department's new e-Procurement is fully functional, we will be able to evaluate whether the Department has electronic data available to conduct analysis of bids and can work with local communities regarding joint procurements of bulk rock salt.

BUSINESS ENTERPRISE PROGRAM

In June 2006, the Office of the Auditor General released a management audit of the Department of Central Management Services' (Department) administration of the Business Enterprise Program (BEP). The audit contained fifteen recommendations to improve the performance and operation of the Department to effectively manage the State's policies in place over the program. As part of the compliance examination for the fiscal years 2011 and 2010, auditors determined that the Department had not implemented or only partially implemented three recommendations. As part of the fiscal years 2013 and 2012 financial audit and compliance examination of the Department, we noted that two of the three remaining recommendations had not been fully implemented. As part of the fiscal years 2015 and 2014 financial audit and compliance examination of the Department, we noted the two remaining recommendations had not been fully implemented. As part of the fiscal years 2017 and 2016 financial audit and compliance examination of the Department, we followed up on the status of the two remaining recommendations that had not been fully implemented.

Recommendation #6 – Consider Conducting Site Visits

The Department of Central Management Services should consider conducting site visits of all applicants.

Status – Implemented

We reviewed a list of site visits conducted in fiscal years 2016 and 2017. According to the BEP Policy and Procedure Manual, certification staff should perform at least 4 site visits per month. In fiscal year 2016, the Department conducted 189 total visits, an average of 4 site visits per month which was in accordance with the BEP Policy and Procedure Manual. The 189 visits were conducted between 5 certification staff, three of which were employed 12 months, one employed for 9 months, and one employed for 8 months. The average was calculated in accordance with months worked. In fiscal year 2017, the Department conducted 226 total visits, an average of 4 site visits per month, which was in accordance with the BEP Policy and Procedure Manual. The 226 visits were conducted between 6 certification staff, four of which were employed 12 months, one employed for 7 months, and one employed for 3 months. The average was calculated in accordance with months worked.

As stated above, the Department has developed a policy for conducting site visits. While it does not require site visits of all applicants, we believe an 11 year time span since the issuance of this management report has allowed the Department to consider the decisions necessary to determine and draft the policy appropriate for this program. As such, we consider this recommendation to be implemented.

Recommendation #7 – Ensure all certifications are completed within 60 days.

The Department of Central Management Services should ensure that all applicants for certification or recertification are processed in the required 60 days.

Status –Implemented

The Department implemented a new certification tracking system in August 2016 named B2GNow. The Department believed the use of the new certification tracking program would provide real time certification monitoring and prevent any further processing delays in the future.

Allowing for a 10 day grace period for internal receipt of the documentation and posting for the certification log, we noted in fiscal year 2017, only 60 of the 1,655 (4%) certifications were processed late. In fiscal year 2016, only 30 of 2,081 (1%) certifications were processed late.

As stated above, the Department only processed 4% and 1% of BEP certifications and recertifications late in 2017 and 2016, respectively. We consider these to be acceptable error rates to consider the recommendation implemented. The errors will be included in the report of immaterial findings provided to the Department. The issue will be followed up on during the fiscal year 2019 compliance engagement.

OPERATION OF THE STATE VEHICLE FLEET

In November 2011, the Office of the Auditor General released a management audit of the Department of Central Management Services' (Department) administration of the State vehicle fleet. The audit contained fourteen recommendations to improve the performance and operation of the State's vehicle fleet. House Resolution Number 658 directed the Office of the Auditor General to audit the Department's operation of the fleet of passenger cars used by the State executive agencies. The Resolution called for the audit to address the total number of cars; number of take-home cars; necessity of take-home vehicles; cost of vehicles in fiscal year 2009; and the adequacy of the Department's system to record their use and maintenance and to check for official use, including whether it is possible to implement a system to track vehicles for business use only.

As part of the fiscal years 2013 and 2012 financial audit and compliance examination of the Department, we noted that six of the recommendations had been implemented and eight were partially implemented. As part of the fiscal years 2015 and 2014 financial audit and compliance examination of the Department, we followed up on the status of the eight remaining recommendations that had not been fully implemented and noted three were implemented and five remaining partially implemented. As part of the fiscal years 2017 and 2016 financial audit and compliance examination of the Department, we followed up on the status of the five remaining recommendations that had not been fully implemented.

Recommendation #3 – IAV Annual Reporting

The CMS Division of Vehicles should continue to work with agencies to eliminate errors from the Individually Assigned Vehicles report to improve its usefulness as a management tool.

Status – Implemented

The Department conducts annual and quarterly Vehicle Coordinator Training, and was able to provide us with documentation of a presentation and a webinar for these sessions. Per conversation with the Department, it has made significant progress through these trainings and has continued to work with all agencies to reduce errors in the Individually Assigned Vehicles (IAV) Report. We also reviewed notes from the most recent Vehicle Coordinators Meeting, where errors in IAV Reporting were discussed. The Department does not track the specific amount of errors that appear on the reports, but have seen less errors made due to discussions at the Vehicle Coordinators Meetings.

Recommendation #6 – License Plates

The CMS Division of Vehicles should specify to agency vehicle coordinators all the reporting requirements that are applicable when State vehicles use non-U license plates.

Status – Implemented

The Department holds quarterly Vehicle Coordinators Meetings, during which regulations and reporting requirements are specified. We reviewed the 2016 Quarterly Vehicle Coordinators Meeting presentation; we noted that the Department addressed the non-U license plate reporting requirement. This presentation addressed the policies and procedures involved in the utilization of U plate vehicles.

Recommendation #9 – Motor Pool Log

CMS should direct all its Bureaus to maintain standard vehicle logs, have the logs reviewed and signed by supervisors, and include these procedures in its manual that is currently being updated.

Status – Implemented

The CMS Division of Vehicles maintains trip logs for bureaus and garages to update monthly. Communication to bureau coordinators and shop supervisors is distributed periodically to update the trip logs. Vehicle log testing was performed by reviewing a sample of 10 vehicle logs to determine if the logs were properly reviewed, signed, and completed in accordance with the vehicle log policy, and no exceptions were noted. The vehicle log policy is available on the Department's website, and includes all of the required procedures.

Recommendation #12 – Vehicle Cost Data

The CMS Division of Vehicles should determine the feasibility of putting all vehicle cost data online, by individual vehicle, including the cost data at agencies. This complete cost history could include repair, maintenance, fuel, insurance and other costs and also show whether required vehicle inspections have been performed.

Status – Implemented

The Department has posted a report detailing repair, maintenance, fuel, insurance, and other related costs, along with confirmation of vehicle inspection, on the Department's website. This report includes data from all agencies in fiscal year 2015. Fiscal year 2016 and 2017 vehicle cost data was not available on the Department's website. Historically, the data has been posted to the website two years following the end of the fiscal year.

Recommendation #13 – Global Positioning System for Tracking Vehicles

The CMS Division of Vehicles should formally evaluate the availability and cost of GPS systems that State agencies may be able to use to track their State-owned vehicles, such as the vehicles are being used for authorized purposes only.

Status – Implemented

The Department pursued a contract for GPS, but was suspended by the prior administration. The Department is currently in negotiations with vendors for GPS capability. A fleet study to confirm the feasibility and scope of GPS was conducted in September 2016, which recommended the use of GPS. As of the end of fiscal year 2017, the Division of Vehicles had not awarded a contract for the project. During our fieldwork, two vendors were preparing proposals to implement a GPS pilot for 100 vehicles and the Department later narrowed the selection down to one vendor for the pilot project. Once this pilot is completed, a decision will be made to implement the GPS to more vehicles in the fleet. We conclude the Department has formally evaluated the availability and cost of GPS systems for State-owned vehicles.

STATE WORKERS' COMPENSATION PROGRAM

In April 2012, the Office of the Auditor General released a management audit of the Department of Central Management Services' (Department) Workers' Compensation Program as it applies to State employees. As part of the fiscal years 2013 and 2012 financial audit and compliance examination of the Department follow-up was conducted and determined that the Department had partially implemented six of the twelve recommendations and had not implemented the remaining six recommendations.

Effective August 3, 2012, Public Act 97-0895 required the Department to procure one or more private vendors to administer the program providing payments for workers' compensation liability with respect to the employees of all State agencies beginning January 1, 2013. The Department executed a five-year \$60,000,000 contract with Tristar Risk Enterprises Mgt. Inc. effective March 1, 2013, as the third party administrator for the workers' compensation program. The contract also contains an option for an additional five-year renewal. According to Department officials, Tristar assumed the handling of new claims filed by State employees on March 16, 2013. In May 2013, approximately 18,000 files, representing all open workers' compensation claims for State employees, were transferred to Tristar. The Department estimated that these 18,000 files would be scanned and assigned to Tristar adjusters no later than August 15, 2013. Because the workers' compensation program was in a transitional phase as of the end of the previous audit period (June 30, 2013), in many cases it was not possible for auditors to make a determination as to whether the recommendations contained in the management audit were implemented. Therefore, many of the recommendations were determined to be either partially or not implemented.

As part of the fiscal years 2015 and 2014 financial audit and compliance examination of the Department, we followed up on the status of the partially and not implemented recommendations after the enactment of Public Act 97-0895. We determined that the Department had fully implemented five of the twelve recommendations, partially implemented six, and had not implemented one of the remaining six recommendations. As part of the fiscal years 2017 and 2016 financial audit and compliance examination of the Department, we followed up on the status of the seven remaining recommendations that had not been fully implemented.

Recommendation #2 – State Workers' Compensation Program Advisory Board

The Department of Central Management Services, in conjunction with the State Workers' Compensation Program Advisory Board, should develop recommended best practices for the State workers' compensation program, as required by Public Act 97-018.

Status – Implemented

Per the Department, a formal report of the workers' compensation best practices from the State Workers Compensation Advisory Board has not been developed. However, this recommendation has generally been satisfied through the contract with Tristar. The Department, in conjunction with the State Workers' Compensation Advisory Board, has created best practices. Vendors are required in the procurement process to demonstrate that work would be conducted in line with industry best practices. The Department is responsible for the oversight of the program and to ensure compliance with the terms of the contract.

Recommendation #3 – Claims Reporting

The Department of Central Management Services should take steps to:

- *Deny claims that are not filed within 45 days of the accident unless extenuating circumstances are documented;*
- *Ensure that accident dates in its information system are accurate;*
- *Define accident date for repetitive trauma cases in the Department's administrative rules or policies and procedures; and*
- *Ensure that supervisory notification by the employee of an injury is documented in writing.*

Status – Partially Implemented

According to the Department, Tristar is now responsible for all claims handling and data requirements, which includes ensuring the completeness and accuracy of data input into its system.

We requested a download of workers' compensation claims filed in fiscal year 2016 and fiscal year 2017. Our review of these claims showed that it took more than 45 days to report the injury for 151 claims in fiscal year 2016 and 82 claims in fiscal year 2017. The days to report for these claims ranged from 46 to 593 days. In fiscal year 2016, 64 of these claims were not denied. In fiscal year 2017, 40 of these claims were not denied. According to the Department, the reason for claims not being denied is due to the claims being repetitive trauma cases. The Department has not been able to define the accident date for repetitive trauma cases in the Department's administrative rules, or policies and procedures, despite legislative efforts. The Department indicated they updated the Claim Handling Instructions on January 3, 2018, to define the repetitive trauma accident date; however, since the instructions were approved after June 30, 2017, they will be reviewed during the next engagement.

In addition, we tested a sample of 50 claims, 25 from both fiscal year 2016 and fiscal year 2017. We noted documentation ensuring that supervisory notification by the employee of an injury is documented in writing and the accuracy of the accident date.

Recommendation #4 – Claims Adjudication

The Department of Central Management Services should:

- *Ensure that all applicable forms are collected prior to any determination of compensability or benefits payments;*
- *Conduct training for all adjusters and agency workers' compensation coordinators regarding filing procedures and required forms;*
- *Require a claims supervisor to review all determinations of compensability;*
- *Obtain access to payroll information required to verify average weekly wage amounts for employees who submit claims;*
- *Require employees to formally request temporary disability benefits prior to receiving benefits; and,*
- *Ensure thorough review of all medical bills prior to payment.*

Status – Partially Implemented

According to the Department, Tristar is now responsible for ensuring the completeness of data utilized by its adjusters. The Tristar Claims Handling Manual also provides detailed instructions for its adjuster to follow when determining compensability of claims including the forms that are required to be filed. These instructions are further supplemented by the client servicing instructions. The instructions list the five documents required for compensability.

We tested a sample of 50 claims, 25 from both fiscal year 2016 and fiscal year 2017. From our review of each claim on the Tristar system, no determination of compensability was reached prior to the documents being obtained.

Section 22(d) of the contract with Tristar requires training be provided to all workers' compensation coordinators on Tristar's system and forms and that periodic training occur during the life of the contract. According to Department officials, annual trainings started in fiscal year 2015. According to Department personnel, due to the budget impasse, funds were not available to hold statewide meetings during fiscal years 2016 and 2017. Instead, as new team members were added, individual training was conducted by Tristar and Department staff.

In addition, we tested a sample of 50 claims, 25 from both fiscal year 2016 and fiscal year 2017. We ensured all claims:

- Were reviewed by a claims supervisor to determine compensability.
- Included payroll information required to verify average weekly wage amounts for employees who submitted claims.
- Included a formal request for temporary disability benefits prior to receiving benefits; and,
- Had a thorough review of all medical bills prior to payment.

We noted 2 of 50 (4%) instances of claim files that did not contain all of the required documentation.

We noted all claims were reviewed at least once prior to any determinations. According to a Department official, Tristar obtains employee payroll information from the workers' compensation coordinator, and it may require a statutory change for Tristar to have access to the payroll systems located at the agencies. However, for all determinations which resulted in the payment of benefits, we noted the average weekly wage information was obtained through the Department.

According to the Department, a claim requesting any benefits will initially apply for temporary benefits, Temporary Total Disability (TTD), prior to receiving extended benefits. To ensure TTD was applied for prior to any claim receiving extended benefits, we tested four benefits awarded during the engagement period. We noted TTD was applied for and awarded prior to extended benefits being applied for and awarded.

Tristar is now responsible for the review of medical bills. Per our discussions with management and review of the claim files in the Tristar system, medical bills are reviewed twice: first by the adjuster assigned to the case and secondly by Tristar's professional medical bill review company, Tristar Managed Care. From our testing, for determinations which resulted in medical bills being paid, a review was completed by both the adjuster and Tristar Managed Care.

Recommendation #5 – Determination for Subrogation Eligibility

The Department of Central Management Services should ensure that cases in which subrogation can be pursued are reviewed in a timely manner.

Status – Partially Implemented

The contract between the Department and Tristar requires that Tristar promptly refer claims involving potential subrogation matters to the Department which will, if appropriate, refer the matter to the Attorney General.

The contract requires Tristar to designate a subrogation adjuster to manage and assist with subrogated claims. We confirmed that the Department has a dedicated Subrogation Manager. The contract also requires Tristar to provide the Department with a monthly report which includes at a minimum:

- All new subrogation cases opportunities;
- The number of cases where funds were recovered; and,
- The total amount of funds recovered.

Tristar issues a report each month identifying the new cases with potential subrogation opportunity. Tristar does not have any authority to release or otherwise compromise the State's subrogation rights under the Workers' Compensation Act or Workers' Occupational Diseases Act.

We obtained an example of a monthly subrogation report sent to the Department from Tristar. The report included opportunities for subrogation, but the report did not include the number of cases where funds were recovered, or the total amount of funds recovered.

Recommendation #6 – Periodic Data Matches

The Department of Central Management Services should perform periodic matches utilizing available information at the Illinois Department of Employment Security to ensure that employees receiving benefits are not employed elsewhere. CMS should also consider gaining access to other sources of information that may be helpful in identifying changes in marital status, deaths, and other circumstances that would affect the eligibility or amount of workers compensation benefits to which the individual is entitled.

Status – Implemented

Public Act 97-0621 provided statutory authority for the Department to receive data from the Illinois Department of Employment Security (IDES) regarding the employment status of workers' compensation claimants. However, this agreement has been terminated. Instead, Tristar is utilizing private vendors to detect fraud and abuse. Tristar provides the Department with a quarterly report that summarizes the findings on various claimants and includes valuable information about the claimants. The Department uses this information to determine possible fraudulent cases, which are referred to the Illinois Department of Insurance - Fraud Unit for appropriate legal action. The Department has taken steps within its contract with Tristar to gain sufficient information to satisfy the intent of the recommendation.

Recommendation #7 – CMS Adjuster Caseloads

The Department of Central Management Services should track Adjuster caseloads and consider establishing caseload standards for Adjusters.

Status – Partially Implemented

According to the Department, Tristar is now responsible for the handling of all duties that were previously performed by Department adjusters. According to an amendment to the Tristar contract, Tristar will maintain an average workload of approximately 150 active indemnity claims per adjuster and 250 open active medical only claims.

Tristar provides a caseload report each month. Certain adjusters are assigned just permanent disability claims, survivor claims, or inactive claims to ensure efficiency. An update has not been completed to conform to the practice utilized by the Department and Tristar. An update to the contract should be completed to clarify the standards the Department and Tristar are practicing. The Department has stated that an update to the contract has not occurred and the present contract is in place until March 2018.

Recommendation #11 – Contract Approval Limits

The Department of Central Management Services should:

- *Clarify settlement contract approval limits in its policies for Risk Management employees; and*
- *Include all compensation in the settlement contract as part of these approval limits.*

Status – Partially Implemented

According to the Department, as a result of the Tristar contract and subsequent staffing changes, the Department has only two employees on staff with authority to approve settlements. Their job descriptions (CMS-100s) have been amended to limit their settlement authority to \$150,000 or less.

During fieldwork, the Department did not provide updated policies to show that it has clarified settlement contract approval limits for Risk Management employees, and what types of payments are included in determining those amounts.

SPACE UTILIZATION PROGRAM

In October 2013, the Office of the Auditor General released a management audit of the Department of Central Management Services' (Department) administration of the State's space utilization program. The audit contained nine recommendations to improve the efficiency and effectiveness of recording real property in a master inventory database.

In the management audit, the Office of the Auditor General concluded that the Department does not maintain a master record of all items of real property as required by State law. The State Property Control Act requires the Department to maintain a master record of all items of real property, including a description of buildings and improvements. The master record that was given to the Office of the Auditor General (OAG) by the Department was incomplete, inaccurate, and had an insufficient level of detail. Also, according to the audit, the Department had made no recent progress towards implementing a comprehensive computerized real property system. Procedures in place to identify excess and surplus real property were not fully adequate to ensure that all excess and surplus real property was being identified. Finally, the process that the Department was using to dispose of surplus inventory was neither adequate nor timely. The average time for the Department to dispose of real property was 1,656 days with a median of 911 days.

As part of the fiscal years 2015 and 2014 financial audit and compliance examination of the Department, follow up was conducted and determined that the Department had fully implemented five of the nine recommendations and partially implemented the remaining four recommendations. As part of the fiscal years 2017 and 2016 financial audit and compliance examination of the Department, we followed up on the status of the four remaining recommendations that had not been fully implemented.

Recommendation #4 – Agency Reporting Excess and Surplus Real Property

The Department of Central Management Services should correct the deficiency in the design of Site Form A to enable agencies to report excess and surplus real property. CMS should also monitor the Annual Real Property Utilization Reports to ensure information on excess and surplus real property is being reported. Finally, CMS should work with agencies that identify excess and surplus real property to ensure maximum efficient utilization of State-owned space.

Status – Implemented

During the engagement period, the Department finalized an assessment tool and training for facility management staff. The staff utilizes the tool for assessments that are conducted, at minimum, annually at all properties managed by the Department. This tool is shared with other agencies to assist with the annual reporting of excess space that is required under the Annual Plan Template and Annual Real Property Utilization Report (ARPUR). These reports are submitted to the Department annually. The Department's Bureau of Property Management (BoPM) revised the Facility Inspection Report to include a space use assessment. The facility inspections provide an assessment on how the space is used and if there is the potential to optimize the space. This inspection tool was sent to all facility managers and leasing representatives. The Department utilizes this form to report excess and surplus real property.

This work is in addition to the annual space planning information that is sent to the Department from all the agencies. Agencies enter property data directly into the ARPUR database. The database is structured to allow agencies to more easily report their information and provide a better understanding of the information that is required to be reported. The Department is monitoring the Annual Real Property Utilization Reports (ARPUR) to ensure all excess property is reported through the Bureau of Property Management (BoPM) Facility Inspection Procedures. Additionally, the Department utilizes the Annual Plan Template by sending the template to all agency executive officers. Entities can report excess space and BoPM will evaluate any reported excess space to determine potential future uses.

Agencies are required to submit and certify ARPUR information by July 31 each year. The Department must submit a report containing the submitted information to the General Assembly by October 31 of each year. In between the deadline dates, Department staff reviews the agency submissions for accuracy and completion. Department staff works with agencies to correct errors or missing information. Department staff also works with agencies throughout the year as needed, in order to make updates or add new information to the system.

Recommendation #7 – Monitoring of Space in State-Owned Facilities

The Department of Central Management Services should ensure site visits to identify space in State-owned facilities are conducted on a regular basis as is required by Department policy.

Status – Implemented

The Department is now conducting regular inspections through the new facility inspection procedures referenced above. Additionally, the Department has established an appropriate plan and procedures for conducting site visits on a regular basis. Based upon review of documentation, we concluded the Department is regularly conducting site visits in State-owned facilities.

Recommendation #8 – Disposal of Surplus Property

The Department of Central Management Services should:

- *Take steps to ensure that it is more timely in completing the process of disposing of surplus property;*
- *Follow the procedures outlined in State statute and administrative rules when disposing of surplus property including timely notification of State agencies;*
- *Maintain proper documentation of the disposal process;*
- *Develop strategies to dispose of surplus properties that have been in surplus for years;*
- *Examine properties noted as surplus on the Annual Real Property Utilization Reports to determine if they should be disposed; and*
- *Conduct a study of the disposal process to determine what changes need to be made to the process to increase efficiencies. If necessary, CMS should seek legislative changes to improve and streamline the process.*

Status – Partially Implemented

The Department has been working on the surplus property disposal process. However, due to the budget impasse, the Bureau of Property Management (BoPM) did not actively solicit the needed appraisals to determine the fair market value for disposal of surplus property, which did not allow the Department to dispose of property. The Department filed legislation during the engagement period with the General Assembly to streamline the surplus property process. Currently this legislation is awaiting approval.

Additionally, the Department is reviewing information from ARPUR to determine if there are additional surplus properties awaiting its action. In October 2016, the Department sent out a memo notifying agencies of the surplus property available for transfer. Since no properties were transferred per this memo, BoPM proceeded with determining the fair market value of the properties. BoPM initiated requests for appraisals for eight properties, and is waiting on the results before continuing with the next steps.

Recommendation #9 – Executive Order 10-10

The Department of Central Management Services should take steps to implement the directives contained in Executive Order 10-10 related to the sale of surplus property.

Status – Partially Implemented

Executive Order 10-10 states the Governor's Office of Management and Budget (GOMB) and the Department shall review all vacant or unused real estate owned by the State. Following that review, GOMB and the Department shall develop and implement a comprehensive real estate strategy that identifies opportunities to use or repurpose vacant properties more efficiently and designates State properties to be sold at fair market value. The Department is still in the process of soliciting a vendor to assist with the development of a real estate strategy, but has continued to take appropriate steps to implement a strategy. Additionally, the Department has not reviewed all vacant or unused property.

INMATE PHONE SERVICE PROCUREMENT

In August 2014, the Office of the Auditor General released a management audit of the State's procurement of inmate telephone service vendors. The audit contained six recommendations to the Department of Central Management Services, three of which have been partially implemented. Executive Order 2016-01 transferred authority of information technology, including telecommunication systems, to the Department of Innovation and Technology (DoIT). As such, the recommendations pertaining to the State's procurement of inmate telephone service vendors will be followed up as part of the fiscal years 2018 and 2017 compliance examination of DoIT.

MANAGEMENT POSITIONS IN THE STATE EXECUTIVE BRANCH

In April 2013, the Office of the Auditor General released a management audit of Management Positions in the State Executive Branch. The audit contained five recommendations to the Department of Central Management Services (Department). As part of the fiscal years 2015 and 2014 financial audit and compliance examination of the Department, we followed up on the status of the five recommendations and whether or not they were implemented. We determined one recommendation was implemented, three were partially implemented, and one recommendation was not implemented. As part of the fiscal years 2017 and 2016 financial audit and compliance examination of the Department, we followed up on the status of the four remaining recommendations that had not been fully implemented.

Recommendation #1 – 4D3 Exemptions

The Department of Central Management Service and the Civil Service Commission should assure 4D3 exemptions are approved appropriately in compliance with the Personnel Code (20 ILCS 415/4d(3)).

Status – Partially Implemented

During the engagement period, Department management stated the Department has no plans to change the current process of reviewing submissions for 4d(3) exemptions. Department Technical Services staff reviews all submissions for 4d(3) exemptions for proper allocation, organizational structure, as well as the criteria in Section 4d(3) of the Personnel Code. The Department will provide a recommendation for exemption; however, the Civil Service Commission is still the authoritative approving entity. Additionally, the Department stated it is further required to receive approval from the Court Appointed Special Master prior to submitting packets to the Civil Service Commission for exemption.

However, subsequent to the engagement period, the Department provided additional information regarding the changes being made to the policies and procedures as a result of the *Shakman* litigation, which the Department believes will satisfy the recommendation. *Shakman v. Democratic Org. of Cook Cnty.*, No. 69 C 2145 (N. Dist. Ill.) (Agreed Order regarding developing an Exempt List of positions under the jurisdiction of the Governor entered May 1, 2017).

The process the Department uses to submit positions for Civil Service Commission determination of 4d(3) status was altered by the State's involvement with the Special Master appointed in *Shakman v. Democratic Org. of Cook Cnty.*, No. 69 C 2145 (N. Dist. Ill.) (November 28, 2016 Order expanding Special Master jurisdiction beyond the Illinois Department of Transportation to all agencies under the jurisdiction of the Governor). The Department and the Special Master, along with the OEIG Hiring and Employment Monitoring Unit (HEM) developed a process in early 2017 (during the engagement period) by which if Department Technical Services believed that a 4d(3) exemption request was meritorious, the Department would send the exemption request materials to the Special Master and OEIG HEM. They would review. If the Special Master and OIEG HEM offices gave preliminary approval, the Department would forward the request to the Civil Service Commission on the condition that the Civil Service Commission not yet place the exemption request on its agenda until it received additional communication. This step allowed agencies to fill the proposed 4d(3) position for six months via a provisional appointment pending partial exemption.

Then, before the six month provisional appointment expires, the Special Master and OEIG HEM approves the Department to ask the Civil Service Commission to place the position on the agenda to determine whether the position meets the 4d(3) criteria. While this change in process was developed during the engagement period, it was first implemented on July 1, 2017.

For the next compliance examination for the period ending June 30, 2019, the implementation of the Department's new procedures will be tested to determine if they resolve the recommendation.

Recommendation #2 – Rutan Exemptions

The Department of Central Management Services should assure that Rutan exemptions are only used for positions responsible for implementing policies.

Status – Partially Implemented

During the engagement period, Department management stated the Department has no plans to change the basis of qualification for Rutan exemptions. Department management stated the Department still disagrees with the auditors' focus on policy-making duties in their assessment whether employees are managers or supervisors. The Department continues to base qualifications for exemptions on whether an employee has policy-making, spokesperson, and/or confidentiality responsibilities. However, the Department is working with the Courts and the Special Master on the definitions of Rutan Exempt and principal policy making authority. Because of this activity, this recommendation is considered partially implemented.

In addition, subsequent to the engagement period, the Department provided additional information regarding the changes being made to the policies and procedures as a result of the Shakman litigation, which the Department believes will satisfy the recommendation. In a joint status report in *Shakman v. Democratic Org. of Cook Cnty.*, No. 69 C 2145 (N. Dist. Ill. January 20, 2017), the *Shakman* parties, including the State agreed in principle that positions with job protections were not appropriately *Rutan*-exempt. To test this theory, the Department assisted the Governor's office and Special Master and OEIG HEM offices in assessing *Rutan*-exemptions at three agencies of varying sizes. This review occurred between the January 20, 2017, joint status report and the Agreed Order issued on May 1, 2017. In the Agreed Order, the State agreed that it would compile a list of all *Rutan*-exempt positions for review by the Special Master and OEIG HEM. *Shakman v. Democratic Org. of Cook Cnty.*, No. 69 C 2145 (N. Dist. Ill.) (Agreed Order regarding developing an Exempt List of positions under the jurisdiction of the Governor entered May 1, 2017). Later in May 2017, the Department, in cooperation with the Special Master and OEIG HEM offices, agreed to discontinue applying the *Rutan* scales in a position-by-position review, as it had done in the past. Instead, the Department would work with the Governor's Office and the Special Master and OEIG HEM offices, to identify positions that could be exempt for the Special Master and OEIG HEM to review. In working to compile the list of *Rutan* exempt positions in the State, Department Technical Services conducted an initial review based on the position description. The Department also coordinated a process by which agency staff verified the accuracy of the position descriptions. The *Shakman* litigants continue to devise ongoing review processes to ensure that *Rutan* exemptions are based on the duties performed, authority inherent in the positions, and otherwise comply with federal law. This process has been ongoing since May 2017.

For the next compliance examination for the period ending June 30, 2019, the implementation of the Department's new procedures will be tested to determine if they resolve the recommendation.

Recommendation #3 – Personnel Classification System

The Department of Central Management Services should review and revise the State's classification plan to address the issues identified in this management audit.

Status – Partially Implemented

Through Public Act 97-1172, the State has removed certain positions, including managerial and supervisory, from the union, allowing for more defined responsibilities with respect to abilities to perform evaluations, discipline, and grievances. However, the Department has not addressed the issue of functional titles with significant authority within agencies that are classified as non-managers. During this engagement period, the Department did not review or revise the State's classification plan to address the issues noted.

Recommendation #5 – Confidential Employees in Unions

The identified State agencies should assure all confidential assistants are not included in a collective bargaining unit or their confidential responsibilities as defined by the Public Labor Relations Act (5 ILCS 315/3) are transferred to non-union employees.

Status – Partially Implemented

A small number of lower level positions that were included in the union prior to the December 2008 date set forth in Public Act 97-1172 remain therein. The Department has current efforts with the Special Master to address these positions.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2017

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:
 - Schedule of Appropriations, Expenditures and Lapsed Balances
 - Fiscal Year 2017
 - Fiscal Year 2016
 - Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances – By Fund
 - Schedule of Receipts, Disbursements and Fund Balance (Cash Basis) – Locally Held Funds
 - Schedule of Changes in State Property
 - Fiscal Year 2017
 - Fiscal Year 2016
 - Comparative Schedule of Cash Receipts and Reconciliation of Cash Receipts to Deposits Remitted to the Comptroller

- Analysis of Operations (Unaudited):
 - Agency Functions and Planning Program (Unaudited)
 - Analysis of Significant Variations in Expenditures (Unaudited)
 - Analysis of Significant Variations in Receipts (Unaudited)
 - Analysis of Significant Lapse Period Spending (Unaudited)
 - Analysis of Accounts Receivable (Unaudited)
 - June 30, 2017
 - June 30, 2016
 - Budget Impasse Disclosure (Unaudited)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Unaudited)
 - Interest Costs on Invoices (Unaudited)
 - Average Number of Employees (Unaudited)
 - Emergency Purchases (Unaudited)
 - Year Ended June 30, 2017
 - Year Ended June 30, 2016
 - Memorandum of Understanding (Unaudited)
 - Service Efforts and Accomplishments (Unaudited)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditor's opinion, it is fairly stated, in all material respects, in relation to the basic financial statements as a whole from which it has been derived. The accountant's report also states the Analysis of Operations Section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2017

Schedule 1

Fifteen Months Ended September 30, 2017

<u>Public Act 99-0524, 100-0021 and Court-Ordered Expenditures</u>	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2017	Lapse Period Expenditures July 1, 2017 to September 30, 2017	Total Expenditures 15 Months Ended September 30, 2017	Balances Lapsed September 30, 2017
Appropriated Funds					
General Revenue Fund - 0001	\$ 182,436,600	\$ 173,917,449	\$ 8,468,095	\$ 182,385,544	\$ 51,056
Road Fund - 0011	124,464,000	111,824,000	12,640,000	124,464,000	-
State Garage Revolving Fund - 0303	74,360,900	40,383,856	19,837,397	60,221,253	14,139,647
Facilities Management Revolving Fund - 0314	257,208,300	116,452,697	51,635,524	168,088,221	89,120,079
Professional Services Fund - 0317	24,385,700	15,646,555	1,467,964	17,114,519	7,271,181
Workers' Compensation Revolving Fund - 0332	140,891,000	90,618,016	9,223,139	99,841,155	41,049,845
Group Insurance Premium Fund - 0457	105,452,100	67,420,388	22,737,505	90,157,893	15,294,207
Budget Stabilization Fund - 0686	42,750,000	42,750,000	-	42,750,000	-
State Employees' Deferred Compensation Plan Fund - 0755	1,600,000	1,106,790	9,439	1,116,229	483,771
State Surplus Property Revolving Fund - 0903	4,758,700	2,603,898	299,025	2,902,923	1,855,777
Health Insurance Reserve Fund- 0907	6,500,600,000	1,135,826,391	2,185,574,644	3,321,401,035	3,179,198,965
Total Appropriated Funds	\$ 7,458,907,300	\$ 1,798,550,040	\$ 2,311,892,732	\$ 4,110,442,772	\$ 3,348,464,528

STATE OF ILLINOIS
 DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
 Appropriations for Fiscal Year 2017

Fifteen Months Ended September 30, 2017

<u>Public Act 99-0524, 100-0021 and Court-Ordered Expenditures</u>	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2017	Lapse Period Expenditures July 1, 2017 to September 30, 2017	Total Expenditures 15 Months Ended September 30, 2017	Balances Lapsed September 30, 2017
Non-Appropriated Funds					
Local Government Health Insurance Reserve Fund - 0193		\$ 37,433,859	\$ 2,433,931	\$ 39,867,790	
Flexible Spending Account Fund - 0202		27,289,376	2,164,140	29,453,516	
Teacher Health Insurance Security Fund - 0203		315,449,656	47,234,224	362,683,880	
Community College Health Insurance Security Fund - 0577		17,501,769	3,181,906	20,683,675	
State Employees' Deferred Compensation Plan Fund - 0755		169,297,889	671,141	169,969,030	
Total Non-Appropriated Funds		<u>\$ 566,972,549</u>	<u>\$ 55,685,342</u>	<u>\$ 622,657,891</u>	
Grand Total All Funds		<u>\$ 2,365,522,589</u>	<u>\$ 2,367,578,074</u>	<u>\$ 4,733,100,663</u>	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2017, and have been reconciled to Department records.

Note 2: The expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Note 3: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to “draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay.” As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, since the Department never received enacted personal services appropriations for Fund 0001, the Department was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during fiscal year 2017.

Note 4: Public Act 99-0524 authorizes the Department to pay fiscal year 2016 costs using its fiscal year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department submitted against its fiscal year 2017 appropriation.

Note 5: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Department to pay for all costs incurred prior to July 1, 2018, using either its fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices from fiscal year 2016 and fiscal year 2017 held by the Department to be submitted against either its fiscal year 2017 or fiscal year 2018 appropriation.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2016

Schedule 2

Fourteen Months Ended August 31, 2016

<u>Public Act 99-0491, 99-0524, and Court-Ordered Expenditures</u>	<u>Expenditure Authority (Net of Transfers)</u>	<u>Expenditures Through June 30, 2016</u>	<u>Lapse Period Expenditures July 1, 2016 to August 31, 2016</u>	<u>Total Expenditures 14 Months Ended August 31, 2016</u>	<u>Balances Lapsed August 31, 2016</u>
Appropriated Funds					
General Revenue Fund - 0001	\$ 33,236,600	\$ 27,371,250	\$ 627,842	\$ 27,999,092	\$ 5,237,508
Road Fund - 0011	120,072,000	-	120,072,000	120,072,000	-
State Garage Revolving Fund - 0303	73,277,300	12,706,387	15,203,198	27,909,585	45,367,715
Statistical Services Revolving Fund - 0304	220,222,942	66,824,272	46,736,705	113,560,977	106,661,965
Communications Revolving Fund - 0312	157,824,400	23,828,564	49,009,874	72,838,438	84,985,962
Facilities Management Revolving Fund - 0314	259,279,400	83,589,897	82,604,980	166,194,877	93,084,523
Professional Services Fund - 0317	12,500,000	7,474,331	4,194,424	11,668,755	831,245
Workers' Compensation Revolving Fund - 0332	140,891,000	86,595,648	26,558,037	113,153,685	27,737,315
Group Insurance Premium Fund - 0457	95,452,100	75,558,979	14,973,769	90,532,748	4,919,352
State Employees' Deferred Compensation Plan Fund - 0755	1,600,000	1,139,218	102,812	1,242,030	357,970
State Surplus Property Revolving Fund - 0903	4,758,700	2,690,640	952,045	3,642,685	1,116,015
Health Insurance Reserve Fund- 0907	<u>3,011,600,000</u>	<u>461,511,192</u>	<u>17,537,495</u>	<u>479,048,687</u>	<u>2,532,551,313</u>
 Total - Appropriated Funds	 <u>\$ 4,130,714,442</u>	 <u>\$ 849,290,378</u>	 <u>\$ 378,573,181</u>	 <u>\$ 1,227,863,559</u>	 <u>\$ 2,902,850,883</u>

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations for Fiscal Year 2016

Schedule 2

Fourteen Months Ended August 31, 2016

<u>Public Act 99-0491, 99-0524, and Court-Ordered Expenditures</u>	<u>Expenditure Authority (Net of Transfers)</u>	<u>Expenditures Through June 30, 2016</u>	<u>Lapse Period Expenditures July 1, 2016 to August 31, 2016</u>	<u>Total Expenditures 14 Months Ended August 31, 2016</u>	<u>Balances Lapsed August 31, 2016</u>
Appropriated Funds					
Non-Appropriated Funds					
Local Government Health Insurance Reserve Fund - 0193		\$ 36,943,233	\$ 5,373,669	\$ 42,316,902	
Flexible Spending Account Fund - 0202		26,654,284	7,371,930	34,026,214	
Teacher Health Insurance Security Fund - 0203		381,505,080	60,308,108	441,813,188	
Community College Health Insurance Security Fund - 0577		22,325,840	4,813,708	27,139,548	
State Employees' Deferred Compensation Plan Fund - 0755		<u>168,025,336</u>	<u>449,709</u>	<u>168,475,045</u>	
 Total Non-Appropriated Funds		 <u>\$ 635,453,773</u>	 <u>\$ 78,317,124</u>	 <u>\$ 713,770,897</u>	
 Grand Total All Funds		 <u>\$ 1,484,744,151</u>	 <u>\$ 456,890,305</u>	 <u>\$ 1,941,634,456</u>	

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of August 31, 2016, and have been reconciled to Department records.

Note 2: The expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Note 3: During fiscal year 2016, the Department operated without enacted appropriations until Public Act 99-0491 and Public Act 99-0524 were signed into law on December 7, 2015 and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the Department's court-ordered payroll payments were merged into the enacted appropriation for Fund 0001, Fund 0303, Fund 0304, Fund 0312, Fund 0314, Fund 0317, Fund 0332, Fund 0457, Fund 0775, Fund 0903, and Fund 0907. Further, the Department incurred non-payroll obligations within Fund 0303, Fund 0304, Fund 0312, Fund 0314, Fund 0317, and Fund 0903, which the Department was unable to pay until the passage of Public Act 99-0491 and Public Act 99-0524.

Note 4: Public Act 99-0524 authorized the Department to pay outstanding fiscal year 2016 costs using its fiscal year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department submitted against its fiscal year 2017 appropriation.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES
AND LAPSED BALANCES - BY FUND**
For the Fiscal Years Ended June 30, 2017, 2016 and 2015

	Fiscal Year		
	2017	2016	2015
	P.A. 099-0524	P.A. 099-0491	P.A. 98-0675
	P.A. 100-0021	P.A. 099-0524	P.A. 98-0679
	Court-Ordered	Court-Ordered	P.A. 98-0680
	Expenditures	Expenditures	P.A. 99-0001
APPROPRIATED FUNDS			
Appropriations (net of transfers)	\$ 7,458,907,300	\$ 4,130,714,442	\$ 5,755,195,572
Expenditures			
General Revenue Fund - 0001	182,385,544	27,999,092	1,607,781,374
Road Fund - 0011	124,464,000	120,072,000	123,372,000
Capital Development Fund - 0141	-	-	4,481,693
State Garage Revolving Fund - 0303	60,221,253	27,909,585	49,774,676
Statistical Services Revolving Fund - 0304	-	113,560,977	141,705,443
Communications Revolving Fund - 0312	-	72,838,438	98,868,821
Facilities Management Revolving Fund - 0314	168,088,221	166,194,877	186,698,957
Professional Services Fund - 0317	17,114,519	11,668,755	10,022,381
Workers' Compensation Revolving Fund - 0332	99,841,155	113,153,685	140,858,932
Group Insurance Premium Fund - 0457	90,157,893	90,532,748	90,423,948
Budget Stabilization Fund - 0686	42,750,000	-	-
State Employees' Deferred Compensation Plan Fund - 0755	1,116,229	1,242,030	1,231,598
State Surplus Property Revolving Fund - 0903	2,902,923	3,642,685	3,962,262
Health Insurance Reserve Fund- 0907	3,321,401,035	479,048,687	2,455,202,750
Total expenditures - appropriated funds	<u>4,110,442,772</u>	<u>1,227,863,559</u>	<u>4,914,384,835</u>
Total lapsed balances	<u>\$ 3,348,464,528</u>	<u>\$ 2,902,850,883</u>	<u>\$ 840,810,737</u>
NON-APPROPRIATED FUNDS			
Expenditures			
Local Government Health Insurance Reserve Fund - 0193	39,867,790	42,316,902	39,568,431
Flexible Spending Account Fund - 0202	29,453,516	34,026,214	32,023,826
Teacher Health Insurance Security Fund - 0203	362,683,880	441,813,188	427,664,000
Kanerva vs. State Trust Fund - 0234	-	-	26,177,766
Community College Health Insurance Security Fund - 0577	20,683,675	27,139,548	27,529,949
State Employees' Deferred Compensation Plan Fund - 0755	169,969,030	168,475,045	177,954,957
Total expenditures - non-appropriated funds	<u>\$ 622,657,891</u>	<u>\$ 713,770,897</u>	<u>\$ 730,918,929</u>
Total expenditures all funds	<u>\$ 4,733,100,663</u>	<u>\$ 1,941,634,456</u>	<u>\$ 5,645,303,764</u>
STATE OFFICERS' PAYROLL			
Appropriations (through the Comptroller's Office)	\$ 384,500	\$ 384,500	\$ 384,500
Expenditures:			
For the Director	142,339	142,956	140,226
For the Assistant Directors	247,695	242,058	218,957
Total expenditures	<u>390,034</u>	<u>385,014</u>	<u>359,183</u>
Total lapsed balances	<u>\$ (5,534)</u>	<u>\$ (514)</u>	<u>\$ 25,317</u>

Note 1: Fiscal year 2017 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2017, and have been reconciled to Department records. Fiscal year 2016 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of August 31, 2016, and have been reconciled to Department records.

Note 2: The expenditure amounts are vouchers approved for payment by the Department and submitted to the State Comptroller for payment to the vendor.

Note 3: During fiscal year 2016, the Department operated without enacted appropriations until Public Act 99-0491 and Public Act 99-0524 were signed into law on December 7, 2015 and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the Comptroller, in the absence of enacted annual appropriations, to “draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay.” As such, the Department’s court-ordered payroll payments were merged into the enacted appropriation for Fund 0001, Fund 0303, Fund 0304, Fund 0312, Fund 0314, Fund 0317, Fund 0332, Fund 0457, Fund 0775, Fund 0903, and Fund 0907. Further, the Department incurred non-payroll obligations within Fund 0303, Fund 0304, Fund 0312, Fund 0314, Fund 0317, and Fund 0903, which the Department was unable to pay until the passage of Public Act 99-0491 and Public Act 99-0524.

Note 4: During fiscal year 2017, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to “draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay.” As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, since the Department never received enacted personal services appropriations for Fund 0001, the Department was able to submit vouchers to pay its employees in full without a maximum expenditure limit for personal service costs during fiscal year 2017.

Note 5: Public Act 99-0524 authorized the Department to pay outstanding fiscal year 2016 costs using its fiscal year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices held by the Department submitted against its fiscal year 2017 appropriation.

Note 6: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Department to pay for all costs incurred prior to July 1, 2018, using either its fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report includes information from Department management about the number of invoices and the total dollar amount of invoices from fiscal year 2016 and fiscal year 2017 held by the Department to be submitted against either its fiscal year 2017 or fiscal year 2018 appropriation.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
SCHEDULE OF RECEIPTS, DISBURSEMENTS AND FUND BALANCE (CASH BASIS) - LOCALLY-HELD FUNDS

For the Two Years Ended June 30, 2017 and 2016

Fund Number	Fund Name	Balance July 1, 2015	Receipts	Disbursements	Balance June 30, 2016
1328 (0314)	DPA COP Debt Service Fund	\$ 1,599,968	\$ 2,201,637	\$ 2,160,316	\$ 1,641,289
1330 (0314)	EPA COP Debt Service Fund	2,725,724	3,626,080	3,544,986	2,806,818
1386 (0193)	Local Government Health Insurance Reserve Fund	1,355,527	20,255,287	20,151,681	1,459,133
1387 (0203)	Teacher Health Insurance Security Fund	13,115,496	165,888,086	164,022,498	14,981,084
1388 (0577)	Community College Health Insurance Security Fund	1,079,304	14,830,103	14,963,848	945,559
1389 (0907)	Health Insurance Reserve Fund	63,753,206	434,503,531	438,440,812	59,815,925
1393 (0755)	State Employees Deferred Compensation Plan Fund	4,088,889,593	154,664,952	286,591,361	3,956,963,184
1412 (0332)	Workers' Compensation Revolving Fund	8,324,054	118,418,289	113,269,078	13,473,265
2202 (0202)	Flexible Spending Account Fund	1,568,716	27,182,841	27,463,309	1,288,248
Total Locally Held Funds		<u>\$4,182,411,588</u>	<u>\$ 941,570,806</u>	<u>\$ 1,070,607,889</u>	<u>\$4,053,374,505</u>

Fund Number	Fund Name	Balance July 1, 2016	Receipts	Disbursements	Balance June 30, 2017
1328 (0314)	DPA COP Debt Service Fund	\$ 1,641,289	\$ 4,492,981	\$ 4,440,748	\$ 1,693,522
1330 (0314)	EPA COP Debt Service Fund	2,806,818	6,123,364	6,025,493	2,904,689
1386 (0193)	Local Government Health Insurance Reserve Fund	1,459,133	22,833,109	22,271,282	2,020,960
1387 (0203)	Teacher Health Insurance Security Fund	14,981,084	161,436,606	165,582,817	10,834,873
1388 (0577)	Community College Health Insurance Security Fund	945,559	12,650,943	12,481,858	1,114,644
1389 (0907)	Health Insurance Reserve Fund	59,815,925	620,067,971	615,067,506	64,816,390
1393 (0755)	State Employees Deferred Compensation Plan Fund	3,956,963,184	666,510,206	331,731,517	4,291,741,873
1412 (0332)	Workers' Compensation Revolving Fund	13,473,265	105,762,417	102,708,115	16,527,567
2202 (0202)	Flexible Spending Account Fund	1,288,248	30,240,991	26,916,640	4,612,599
Total Locally Held Funds		<u>\$4,053,374,505</u>	<u>\$ 1,630,118,588</u>	<u>\$ 1,287,225,976</u>	<u>\$4,396,267,117</u>

* Fund numbers in '()' represents the treasury held fund, which corresponds with the locally held fund number. The locally held fund is included in the corresponding treasury held funds' year-end financial reporting.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
SCHEDULE OF CHANGES IN STATE PROPERTY
For Fiscal Year Ended June 30, 2017
(Expressed in Thousands)

	Balance June 30, 2016	Additions	Deletions	Net Transfers	Balance June 30, 2017
<u>Department-wide Capital Assets</u>					
Land and land improvements	\$ 529	\$ -	\$ -	\$ -	\$ 529
Building and building improvements	213,467	-	-	-	213,467
Equipment	3,119	265	(81)	(272)	3,031
Total Department-wide Capital Assets	<u>217,115</u>	<u>265</u>	<u>(81)</u>	<u>(272)</u>	<u>217,027</u>
<u>State Garage Revolving Fund - 0303</u>					
Equipment	28,480	2,601	(646)	1,504	31,939
<u>Statistical Services Revolving Fund - 0304</u>					
Equipment	84,018	957	(14,693)	186	70,468
<u>Communications Revolving Fund - 0312</u>					
Equipment	96,638	1,336	(11,650)	(228)	86,096
Intangibles	3,881	-	-	-	3,881
Leases: Buildings and Building Improvements	1,090	-	-	-	1,090
Total Communications Revolving Fund - 0312	<u>101,609</u>	<u>1,336</u>	<u>(11,650)</u>	<u>(228)</u>	<u>91,067</u>
<u>Facilities Management Revolving Fund - 0314</u>					
Land and land improvements	38,174	-	-	-	38,174
Site improvements	3,761	-	-	-	3,761
Buildings and building improvements	424,297	399	-	66	424,762
Leases: Buildings and building improvements	48,740	-	-	-	48,740
Equipment	1,841	56	(122)	(7)	1,768
Works of Art	974	-	-	-	974
Total Facilities Management Revolving Fund - 0314	<u>517,787</u>	<u>455</u>	<u>(122)</u>	<u>59</u>	<u>518,179</u>
<u>Professional Services Fund - 0317</u>					
Equipment	6	19	-	-	25
<u>State Employees' Deferred Compensation Plan - 0755</u>					
Equipment	3	-	-	-	3
<u>Health Insurance Reserve Fund - 0907</u>					
Equipment	45	-	-	(2)	43
TOTAL PROPERTY AND EQUIPMENT, AT COST	<u><u>\$ 949,063</u></u>	<u><u>\$ 5,633</u></u>	<u><u>\$ (27,192)</u></u>	<u><u>\$ 1,247</u></u>	<u><u>\$ 928,751</u></u>

(1) This summary schedule was prepared using State property records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles.

(2) Executive Order 2016-01 created the Department of Innovation and Technology (DoIT), stating that the Department's Bureau of Communications and Computer Services (BCCS) shall be consolidated into DoIT as of July 1, 2016. Per a memorandum between DoIT and the Department dated June 29, 2017, the transfer of assets related to BCCS to DoIT should have occurred at the beginning of fiscal year 2017, or July 1, 2016. However, due to administrative and technical staffing limitations, this was unable to be completed. The Department continued to support DoIT through fiscal year 2017 and into fiscal year 2018. As a result, funds 304 and 312 continued to be listed under the Department, agency 416, for fiscal year 2017. Due to this situation, this schedule will not reconcile to the Department's financial statements as of and for June 30, 2017.

(3) This schedule was prepared on the cash basis of accounting and, therefore, does not include lapse period purchases nor in-transit items.

(4) The information in this schedule has been reconciled to the property reports submitted to the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
SCHEDULE OF CHANGES IN STATE PROPERTY
For Fiscal Year Ended June 30, 2016
(Expressed in Thousands)

	Balance June 30, 2015	Additions	Deletions	Net Transfers	Balance June 30, 2016
<u>Department-wide Capital Assets</u>					
Land and land improvements	\$ 529	\$ -	\$ -	\$ -	\$ 529
Building and building improvements	213,467	-	-	-	213,467
Equipment	1,600	2,974	(427)	(1,028)	3,119
Total Department-wide Capital Assets	<u>215,596</u>	<u>2,974</u>	<u>(427)</u>	<u>(1,028)</u>	<u>217,115</u>
<u>State Garage Revolving Fund - 0303</u>					
Equipment	24,422	3,087	(605)	1,576	28,480
<u>Statistical Services Revolving Fund - 0304</u>					
Equipment	71,599	20,626	(8,123)	(84)	84,018
<u>Paper and Printing Revolving Fund - 0308</u>					
Equipment	15	-	-	(15)	-
<u>Communications Revolving Fund - 0312</u>					
Equipment	92,615	13,771	(8,404)	(1,344)	96,638
Intangibles	3,881	-	-	-	3,881
Leases: Buildings and Building Improvements	1,089	1	-	-	1,090
Total Communications Revolving Fund - 0312	<u>97,585</u>	<u>13,772</u>	<u>(8,404)</u>	<u>(1,344)</u>	<u>101,609</u>
<u>Facilities Management Revolving Fund - 0314</u>					
Land and land improvements	38,365	-	-	(191)	38,174
Site improvements	3,889	-	-	(128)	3,761
Buildings and building improvements	422,921	-	-	1,376	424,297
Leases: Buildings and building improvements	48,740	-	-	-	48,740
Equipment	1,136	812	(69)	(38)	1,841
Works of Art	974	-	-	-	974
Construction in Process	1,213	-	-	(1,213)	-
Total Facilities Management Revolving Fund - 0314	<u>517,238</u>	<u>812</u>	<u>(69)</u>	<u>(194)</u>	<u>517,787</u>
<u>Professional Services Fund - 0317</u>					
Equipment	-	6	-	-	6
<u>State Employees' Deferred Compensation Plan Fund - 0755</u>					
Equipment	-	3	-	-	3
<u>Health Insurance Reserve Fund - 0907</u>					
Equipment	33	33	(21)	-	45
TOTAL PROPERTY AND EQUIPMENT, AT COST	<u>\$ 926,488</u>	<u>\$ 41,313</u>	<u>\$ (17,649)</u>	<u>\$ (1,089)</u>	<u>\$ 949,063</u>

(1) This summary schedule was prepared using State property records required by the Illinois Administrative Code. The capitalization policy in the Code is different than the capitalization policy established by the Office of the State Comptroller for financial reporting in accordance with generally accepted accounting principles.

(2) This schedule has been reconciled to the financial statements.

(3) This schedule was prepared on the cash basis of accounting and, therefore, does not include lapse period purchases nor in-transit items.

(4) The information in this schedule has been reconciled to the property reports submitted to the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
RECONCILIATION OF CASH RECEIPTS TO
DEPOSITS REMITTED TO THE COMPTROLLER**
For the Years Ended June 30, 2017, 2016, and 2015

	Fiscal Year		
	2017	2016	2015
<u>General Revenue Fund - 0001</u>			
Miscellaneous	\$ 668	\$ 170,232	\$ 1,438
Other Illinois State agencies	-	-	85
Repay State-Upward Mobility	71,860	40,309	40,938
Prior year refund	1,535	33	-
Total cash receipts per Department	74,063	210,574	42,461
Less - In transit at end of year	(583)	(531)	(930)
Plus - In transit at beginning of year	531	930	-
Plus - Prior year refunds/warrant voids	-	-	1,962
Total cash receipts per State Comptroller's records	<u>\$ 74,011</u>	<u>\$ 210,973</u>	<u>\$ 43,493</u>
<u>Capital Development Fund - 0141</u>			
Prior year expenditure transfers	\$ -	\$ 69,196	\$ -
Total cash receipts per State Comptroller's records	<u>\$ -</u>	<u>\$ 69,196</u>	<u>\$ -</u>
<u>Local Government Health Insurance Reserve Fund - 0193</u>			
Insurance premiums	\$ 44,178,094	\$ 40,051,979	\$ 37,427,967
Reimbursement/third party	1,154,944	1,044,310	795,769
Federal Medicare Part D	28,137	52,059	61,634
Total cash receipts per Department	45,361,175	41,148,348	38,285,370
Less - In transit at end of year	(857,631)	(471,200)	-
Plus - In transit at beginning of year	471,200	-	-
Total cash receipts per State Comptroller's records	<u>\$ 44,974,744</u>	<u>\$ 40,677,148</u>	<u>\$ 38,285,370</u>
<u>Flexible Spending Account Fund - 0202</u>			
Payroll deductions	\$ 31,339,148	\$ 32,150,081	\$ 30,307,052
Total cash receipts per Department	31,339,148	32,150,081	30,307,052
Less - In transit at end of year	(2,198)	-	(12,460)
Plus - In transit at beginning of year	-	12,460	-
Total cash receipts per State Comptroller's records	<u>\$ 31,336,950</u>	<u>\$ 32,162,541</u>	<u>\$ 30,294,592</u>
<u>Teachers Health Insurance Security Fund - 0203</u>			
Insurance premiums	\$ 338,482,649	\$ 326,848,006	\$ 316,290,075
Reimbursement/third party	9,400,628	9,965,683	15,445,175
Federal Medicare Part D	810,202	1,949,557	2,821,374
General Revenue Fund transfer	-	125,088,761	84,152,500
Total cash receipts per Department	348,693,479	463,852,007	418,709,124
Less - In transit at end of year	(1,898,174)	-	(208,186)
Less - due from other funds beginning of year	-	(8,415,250)	-
Plus - In transit at beginning of year	-	208,186	-
Plus - due from other funds end of year	73,135,334	-	8,415,250
Total cash receipts per State Comptroller's records	<u>\$ 419,930,639</u>	<u>\$ 455,644,943</u>	<u>\$ 426,916,188</u>
<u>Kanerva vs. State Trust Fund - 0234</u>			
Court disputed retiree health insurance premiums	\$ -	\$ -	\$ 40,318,125
Prior year warrant voids	-	80,996	-
Total cash receipts per State Comptroller's records	<u>\$ -</u>	<u>\$ 80,996</u>	<u>\$ 40,318,125</u>

	Fiscal Year		
	2017	2016	2015
<u>State Garage Revolving Fund - 0303</u>			
Local Illinois governmental units	\$ 60,331	\$ 79,075	\$ 143,020
Other Illinois State agencies	68,713,196	17,006,840	53,016,232
Private organization or individual	399,786	412,016	1,748,049
Prior year refund	4,861	8,113	2,962
Prior year warrant voids	-	263	-
Total cash receipts per Department	69,178,174	17,506,307	54,910,263
Less - In transit at end of year	-	(3,948)	(3,264)
Less - Due from other funds beginning of year	(244)	(3,506,974)	(2,545,317)
Plus - In transit at beginning of year	3,948	3,264	54
Plus - Due from other funds end of year	5,782,147	244	3,506,974
Plus - Prior year refunds/ warrant voids	15,809	-	1,407
Total cash receipts per State Comptroller's records	<u>\$ 74,979,834</u>	<u>\$ 13,998,893</u>	<u>\$ 55,870,117</u>
<u>Statistical Services Revolving Fund - 0304 (1)</u>			
Local Illinois governmental units	\$ -	\$ 2,640	\$ 3,120
Miscellaneous	-	-	642
Other Illinois State agencies	-	78,635,459	143,539,335
Private organization or individual	-	286	17,942
Prior year refund	-	8,581	-
Prior year expenditure transfers	-	(5,884,734)	-
Total cash receipts per Department	-	72,762,232	143,561,039
Less - In transit at end of year	-	(261)	(578)
Less - Due from other funds beginning of year	-	(22,161,240)	(998,963)
Plus - In transit at beginning of year	-	578	367
Plus - Due from other funds end of year	-	357	22,161,240
Plus - Prior year refunds/warrant voids	-	-	13,539
Total cash receipts per State Comptroller's records	<u>\$ -</u>	<u>\$ 50,601,666</u>	<u>\$ 164,736,644</u>
<u>Communications Revolving Fund - 0312 (2)</u>			
Local Illinois governmental units	\$ -	\$ 5,793,815	\$ 5,227,712
Other Illinois State agencies	1,244	57,458,928	81,712,565
Private organization or individual	-	4,018,799	11,931,188
Federal government	-	259,702	387,317
Prior year refund	-	233,494	-
Prior year expenditure transfers	-	5,815,538	-
Total cash receipts per Department	1,244	73,580,276	99,258,782
Less - In transit at end of year	-	(222,589)	(314,601)
Less - Due from other funds beginning of year	-	(21,076,176)	(14,206,852)
Plus - In transit at beginning of year	-	314,601	106,078
Plus - Due from other funds end of year	-	65,628	21,076,176
Plus - Prior year refunds / warrant voids	-	-	50,638
Total cash receipts per State Comptroller's records	<u>\$ 1,244</u>	<u>\$ 52,661,740</u>	<u>\$ 105,970,221</u>
<u>Facilities Management Revolving Fund - 0314</u>			
Local Illinois governmental units	\$ 5,000	\$ 10,196	\$ 19,697
Other Illinois State agencies	188,966,796	138,577,688	177,266,041
Private organization or individual	1,198,300	893,103	796,926
Federal government	125	125	-
Prior year refund	59,514	41,306	-
Prior warrant voids	-	1,025	-
Total cash receipts per Department	190,229,735	139,523,443	178,082,664
Less - In transit at end of year	(3,388)	(139,653)	-
Less - Due from other funds beginning of year	(2,457,455)	(41,802,346)	(5,228,997)
Plus - In transit at beginning of year	139,653	-	2,008,234
Plus - Due from other funds end of year	37,975,236	2,457,455	41,802,346
Plus - Prior year refunds/warrant voids	30,260	-	23,163
Total cash receipts per State Comptroller's records	<u>\$ 225,914,041</u>	<u>\$ 100,038,899</u>	<u>\$ 216,687,410</u>

	Fiscal Year		
	2017	2016	2015
<u>Professional Services Fund - 0317</u>			
Prior year refund	\$ 1,502	\$ 403	\$ -
Prior year warrant voids	-	3,050	-
Total cash receipts per State Comptroller's records	<u>\$ 1,502</u>	<u>\$ 3,453</u>	<u>\$ -</u>
<u>State Police Vehicle Maintenance Fund - 0328</u>			
State property sales	\$ 112,618	\$ 347,820	\$ 386,878
Other revenues	-	-	19,576
Total cash receipts per State Comptroller's records	<u>\$ 112,618</u>	<u>\$ 347,820</u>	<u>\$ 406,454</u>
<u>Workers' Compensation Revolving Fund - 0332</u>			
Workers compensation reimbursements	\$ 933,469	\$ 1,419,752	\$ 2,488,205
Miscellaneous	20	-	-
Prior year refund	14,853	1,152	-
Total cash receipts per Department	948,342	1,420,904	2,488,205
Less - In transit at end of year	(328,382)	(2,296)	(53,099)
Plus - In transit at beginning of year	2,296	53,099	-
Plus - Prior year refunds/warrant voids	-	-	27,293
Total cash receipts per State Comptroller's records	<u>\$ 622,256</u>	<u>\$ 1,471,707</u>	<u>\$ 2,462,399</u>
<u>Group Insurance Premium Fund - 0457</u>			
Carrier refunds	\$ 5,820,002	\$ 14,336,567	\$ 11,863,196
Insurance premium-employees	1,007,425	1,884,050	1,420,489
Optional life deductions	55,829,411	54,907,390	54,929,597
Employer reimbursement for basic life coverage	11,021,944	11,246,343	11,095,571
General Revenue Fund	-	5,000,000	15,000,000
Road Fund	9,276,000	-	-
Total cash receipts per Department	82,954,782	87,374,350	94,308,853
Less - In transit at end of year	(69,842)	(40,096)	(560,542)
Less - Due from other funds beginning of year	-	(5,000,000)	(5,000,000)
Plus - In transit at beginning of year	40,096	560,542	780
Plus - Due from other funds end of year	-	-	5,000,000
Total cash receipts per State Comptroller's records	<u>\$ 82,925,036</u>	<u>\$ 82,894,796</u>	<u>\$ 93,749,091</u>
<u>Community College Health Insurance Security Fund - 0577</u>			
General Revenue Fund	\$ -	\$ 4,996,253	\$ 4,087,919
SURS member payment	888,228	951,346	1,781,830
Federal Medicare Part D	75,628	168,665	275,579
Total cash receipts per Department	963,856	6,116,264	6,145,328
Less - In transit at end of year	(214,698)	-	(19,341)
Less - Due from other funds beginning of year	-	(371,628)	-
Plus - In transit at beginning of year	-	19,341	-
Plus - Due from other funds end of year	4,309,110	-	371,628
Total cash receipts per State Comptroller's records	<u>\$ 5,058,268</u>	<u>\$ 5,763,977</u>	<u>\$ 6,497,615</u>
<u>State Employees' Deferred Compensation Plan Fund - 0755</u>			
Payroll deductions	\$ 162,386,294	\$ 169,304,246	\$ 167,331,377
Reimbursement for jury duty and recoveries	412	225	75
Participant transfers	6,951,056	5,775,147	5,366,175
Plan record keeper reimbursement	1,200,000	1,250,000	1,500,000
Total cash receipts per Department	170,537,762	176,329,618	174,197,627
Less - In transit at end of year	(285,131)	(142,551)	(145,564)
Plus - In transit at beginning of year	142,552	145,564	297,927
Total cash receipts per State Comptroller's records	<u>\$ 170,395,183</u>	<u>\$ 176,332,631</u>	<u>\$ 174,349,990</u>

	Fiscal Year		
	2017	2016	2015
<u>State Surplus Property Revolving Fund - 0903</u>			
Sale of surplus property	\$ 2,562,192	\$ 5,134,105	\$ 3,851,076
Total cash receipts per Department	2,562,192	5,134,105	3,851,076
Less - In transit at end of year	(21,184)	(65,253)	(441,660)
Plus - In transit at beginning of year	65,253	441,660	-
Plus - Prior year refunds/warrant voids	-	-	182
Total cash receipts per State Comptroller's records	\$ 2,606,261	\$ 5,510,512	\$ 3,409,598
<u>Health Insurance Reserve Fund - 0907</u>			
Carrier refunds	\$ 49,499,486	\$ 48,529,876	\$ 48,933,711
Insurance premium-employees	5,549,425	3,203,760	3,396,614
Optional health deduction	318,861,394	329,120,735	359,464,379
Reimbursement of insurance premiums	190,734,560	159,273,426	157,649,224
Health facility - life/health	220,055,618	241,646,241	230,368,759
Federal Medicare Part D	2,910,541	6,656,394	5,845,852
General Revenue Fund	-	-	1,650,374,200
Road Fund	222,620,000	-	123,372,000
Prior year refund	1,421	416	-
Total cash receipts per Department	1,010,232,445	788,430,848	2,579,404,739
Less - In transit at end of year	(13,283,014)	(413,090)	(725,606)
Less - Due from other funds beginning of year	-	-	(100,000,000)
Plus - In transit at beginning of year	413,090	725,606	8,427
Plus - Prior year refunds/warrant voids	200	-	887
Total cash receipts per State Comptroller's records	\$ 997,362,721	\$ 788,743,364	\$ 2,478,688,447
GRAND TOTAL - ALL FUNDS	\$ 1,953,190,517	\$ 1,906,040,822	\$ 3,864,277,162
Less - In transit at end of year	(16,964,225)	(1,501,468)	(2,485,831)
Less - due from other funds beginning of year	(2,457,699)	(102,333,614)	(127,980,129)
Plus - In transit at beginning of year	1,278,619	2,485,831	2,421,867
Plus - due from other funds end of year	121,201,827	2,523,684	102,333,614
Plus - Prior year refunds/ warrant voids	46,269	-	119,071
Total cash receipts per State Comptroller's records - All Funds	\$ 2,056,295,308	\$ 1,807,215,255	\$ 3,838,685,754

(1) The Statistical Services Revolving Fund transferred to the Department of Innovation and Technology (DoIT) per Executive Order 2016-001 as of July 1, 2016.

(2) The Communication Revolving Fund transferred to DoIT per Executive Order 2016-001 as of July 1, 2016. The Department of Central Management Services had an ending June 30, 2017 balance in this account because the State Comptroller erroneously deposited \$1,244 with the Department rather than DoIT. This error was corrected in July 2017.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2017
(Unaudited)

The Department of Central Management Services provides a wide variety of centralized services to other State and local governmental agencies.

The Department is administered from the seventh floor of the Stratton Office Building in Springfield, Illinois. The Department is led by Michael Hoffman who was appointed Acting Director January 16, 2016.

The Department is organized into the following ten major division/bureaus:

- Bureau of Agency Services
- Bureau of Administrative Operations
- Bureau of Administrative Hearings
- Bureau of Communication and Computer Services (fiscal year 2016 only)
- Bureau of Personnel
- Bureau of Benefits
- Bureau of Property Management
- Bureau of Information Services
- Business Enterprise Program
- Bureau of Strategic Sourcing

The different areas of administrative management of the Bureau of Administrative Operations include but are not limited to the Director's Office, Legal Services, Governmental Affairs, Internal Audit, Office of Finance and Management, and the Vendor Payment Program.

The current organizational structure of the Department was developed to provide streamlined management, improved accountability and improved efficiency in the delivery of service to other agencies. The Department is responsible for the coordination of data processing and data communications; providing personnel, procurement, vehicles, and property management services; management of State employee benefit plans; centralized accounting for revolving and trust funds under its control; and administration of the State's Business Enterprises Program for Minorities, Females and Persons with Disabilities.

Agency Planning Program

Internal budget reports are prepared monthly for all appropriated funds. Internal financial statements are also prepared monthly for the revolving funds. Various other management reports are prepared monthly or as required by Department management.

Subject matter experts have been identified in each bureau and serve as liaisons to the planning and performance measurement program. Performance data is requested as needed from the bureau liaisons for inclusion in the Comptroller's Service, Efforts and Accomplishments (SEA) reporting, as well as annual reporting for the Budgeting-for-Results initiative as led by the Governor's Office of Management and Budget (GOMB). Data is derived from various bureau generated reports. The reports are reviewed by bureau managers, Chief Operating Officer (COO), Deputy COO, Assistant Directors and Director prior to submission, and subject to random detailed review as necessary. Significant variances in performance need to be justified to the Office of Finance and Management and any metric changes need to be approved both internally and by GOMB. The Comptroller's Office also requires the Department to explain any significant variations in SEA performance data.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2017
(Unaudited)

The Illinois Department of Central Management Services' (Department) explanations for significant fluctuations in expenditures as presented in the Comparative Schedule of Net Appropriations, Expenditures, and Lapsed Balances – By Fund (Schedule 3) are detailed below. For the purpose of this analysis, a significant fluctuation is defined as a variation that equaled or exceeded \$500,000 and 20% as compared to the prior year.

During fiscal year 2016, the Department operated without enacted appropriations until Public Act 99-0491, and Public Act 99-0524 were signed into law on December 9, 2015 and June 30, 2016, respectively. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to “draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay.” In fiscal year 2017, Public Act 100-0021 stated the appropriation authority granted by the General Assembly did not supersede any court order directing the expenditure of funds and stated such payments were added to the appropriations granted by the General Assembly.

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

General Revenue Fund – 0001

The Department was not provided an appropriation from the General Revenue Fund in fiscal year 2016 to allow for expenditure payment, except for what was allowed via the consent decree. The appropriation for this fund in fiscal year 2017 covered more costs, plus allowed for payment for costs incurred prior to July 1, 2016. As a result, the expenditures increased in fiscal year 2017.

State Garage Revolving Fund – 0303

The Department received its appropriation on June 30, 2016 for this fund, which resulted in overall lower spending for fiscal year 2016 due to the limited time available for processing, along with restrained purchasing due to the budget impasse. The Department could not purchase new vehicles for the State Garage Revolving Fund due to a lack of appropriations for this purpose in fiscal year 2016. In addition, due to the budget impasse, lack of appropriations and cash flow issues, the Department entered into an agreement with the Illinois Department of Transportation (IDOT) for IDOT to purchase its bulk fuel directly from the vendor in fiscal year 2016 for public safety purposes. In fiscal year 2017, expenditures represent a more normalized fiscal year of activity.

Statistical Services Revolving Fund – 0304

Fiscal year 2017 appropriations were provided to the Department of Innovation of Technology.

Communications Revolving Fund – 0312

Fiscal year 2017 appropriations were provided to the Department of Innovation of Technology.

Professional Services Fund – 0317

Existing programs were moved from the General Revenue Fund to the Professional Services Fund between fiscal year 2016 and fiscal year 2017, which accounted for the additional spending in fiscal year 2017. These programs included Legal/Labor Relations, Communications, Fiscal, Audit and Rapid Results. These were permanent moves.

Budget Stabilization Fund – 0686

A one-time appropriation due to the budget impasse was received in fiscal year 2017. This fund was utilized to make payments for the operation of State government with such as payments to the Communication Revolving Fund and Statistical Services Revolving Fund.

State Surplus Property Revolving Fund – 0903

Operational expenses from the State Surplus Property Revolving Fund were purposefully restrained in fiscal year 2017 due to cash flow issues resulting from the budget impasse. As a result, expenditures decreased in fiscal year 2017.

Health Insurance Reserve Fund – 0907

The reduced expenditures in fiscal year 2016 were directly related to the lack of General Revenue Fund appropriation, which accounts for 65% of the needed revenue for one normal fiscal year's worth of liability.

Community College Health Insurance Security Fund – 0577

Expenditure activity was related to the timing of the receipt contributions. The General Revenue Fund makes contributions into the group health insurance funds. Those contributions were significantly slower in fiscal years 2016 and 2017 than in previous years due to the budget impasse.

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2016 AND 2015

General Revenue Fund – 0001

The Department was not provided an appropriation from the General Revenue Fund in fiscal year 2016 to allow for expenditure payment, except for what was allowed via the consent decree. As a result, fiscal year 2016 expenditures decreased from fiscal year 2015.

Capital Development Fund- 0141

There were no Capital Development Fund appropriations for fiscal year 2016 and therefore no expenditure activity.

State Garage Revolving Fund – 0303

Please refer to the explanation provided above for the State Garage Revolving Fund.

Statistical Services Revolving Fund – 0304

The Department received its appropriation on June 30, 2016 for this fund, which resulted in overall lower spending for the year due to the limited time available for processing. Cash flow also restricted the Department's ability to pay bills because the agencies had to first process their bills in order for revenue to hit the Statistical Services Revolving Fund and, in turn, the Department could process expenditures. As a result, expenditures decreased in fiscal year 2016.

Communications Revolving Fund – 0312

The decrease in fiscal year 2016 was impacted by moving the graphic artists and multimedia program areas out of Communications Revolving Fund and into the General Revenue Fund during the beginning of that fiscal year. These functions remained at the Department when the fund transferred to the Department of Innovation and Technology, thus had to be carved out of the Communications Revolving Fund. The remainder of the decrease was attributed to delays in revenue received into the fund because of the budget impasse. These delays impacted when payments could be made. As a result, expenditures decreased in fiscal year 2016.

Workers' Compensation Revolving Fund – 0332

There were reduced payments to Tristar during fiscal year 2016 due to timing of the receipt of claims and the fact that additional funding was received in fiscal year 2015 to help pay down a backlog of claims..

Health Insurance Reserve Fund – 0907

The Department reduced payments to health insurance providers and interest payments in fiscal year 2016 due to the budget impasse and the lack of appropriations.

Kanerva vs. State Trust Fund – 0234

All amounts collected from retirees were paid back out in fiscal year 2015 by court order. This was a one time event.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Fiscal Years Ended June 30, 2017
(Unaudited)

The Illinois Department of Central Management Services' (Department) explanations for significant fluctuations in receipts greater than \$500,000 and 20% of total receipts for that category as presented in the Comparative Schedule of Cash Receipts and Reconciliation to Cash Receipts to Deposits Remitted to the Comptroller are detailed below.

ANALYSIS OF SIGNIFICANT VARIATIONS BETWEEN FISCAL YEARS 2016 AND 2017

Teachers Health Insurance Security Fund – 0203

Federal Medicare Part D

The Federal Medicare Part D receipts decreased due to the Medicare enrollment demographic shift from self-insured carriers to the (fully insured) Medicare Advantage carriers. In addition, the “Donut Hole”, also known as the Medicare Part D coverage gap, is a period of consumer payment for prescription medication costs which lies between the initial coverage limit and the catastrophic coverage threshold when the consumer is a member of a Medicare part D prescription-drug program. This gap, associated with the program’s allowable claims, continues to decrease each year until the program expires in 2020. This also has an impact on the annual Federal Medicare Part D receipts.

General Revenue Fund transfer

The receipt transfer from the General Revenue Fund did not occur prior to June 30, 2017.

State Garage Revolving Fund – 0303

Other Illinois State agencies

The appropriation in fiscal year 2016 was received very late in fiscal year 2016 and, in some cases, not at all for General Revenue Fund funded agencies. All agencies did not have the capacity to pay the State Garage Revolving Fund billings in fiscal year 2016, but began making payments in fiscal year 2017. As a result, receipts increased in fiscal year 2017.

Statistical Services Revolving Fund – 0304

The Statistical Services Revolving Fund was assigned to the Department of Innovation and Technology during fiscal year 2017 and merged into the Technology Management Revolving Fund on October 1, 2017.

Communications Revolving Fund – 0312

The Communications Revolving Fund was assigned to the Department of Innovation and Technology during fiscal year 2017 and merged into the Technology Management Revolving Fund on October 1, 2017.

Facilities Management Revolving Fund – 0314

Other Illinois State agencies

The appropriation in fiscal year 2016 was received very late in fiscal year 2016 and, in some cases, not at all for General Revenue Fund funded agencies. All agencies did not have the capacity to pay the Facilities Management Revolving Fund billings in fiscal year 2016, but began making payments in fiscal year 2017. As a result, receipts increased in fiscal year 2017.

Group Insurance Premium Fund – 0457

Carrier refunds

Carrier refunds are solely dependent upon the performance of the program in a given year. Premium rates are projected based on actuarial data. When the program falls short of the projections, a refund is issued to the Department once the entire plan year has been closed out. Premium fluctuations are due to plan selections, the salary bands associated with each employee, and total headcount served by the plan. Carrier refunds are based upon the amount of premium paid to the vendor compared to the amount of claims paid out in a given year. The difference between the two changes every year based upon the experience of the plan. In fiscal year 2017, this resulted in a decrease in receipts.

Insurance premium-employees

This category of receipts decreased more than our threshold of inquiry in fiscal year 2017. The Department stated this category must be examined along with the subsequent category, “optional life deductions”. When the receipts for both categories are combined, the fluctuation from fiscal year 2016 to fiscal year 2017 represents only a .8% increase and did not necessitate further inquiry.

General Revenue Fund

General Revenue Fund transfers to the Group Insurance Premium Fund are a function of the other revenue sources in any given year. Contributions and refunds can vary from year to year, thus resulting in a different transfer need from the General Revenue Fund. However, the lack of a transfer in fiscal year 2017 from the General Revenue Fund was a result of the budget impasse.

Road Fund

In fiscal year 2017, due to the budget impasse, the Department requested the transfer to the Group Insurance Premium Fund from the Road Fund. Funds were not available from the General Revenue Fund as stated above.

Community College Health Insurance Security Fund - 0577

General Revenue Fund

Due to the economic environment of the State, the Community College Health Insurance Security Fund did not receive its normal contribution from the General Revenue Fund in fiscal year 2017.

State Employees' Deferred Compensation Plan Fund – 0755

Participant transfers

This receipt category represents transfers into the State Employees' Deferred Compensation Plan (Plan) from other employer retirement plans and fluctuates year to year. The quantity of fiscal year 2017 transfers in was up by 9% from that of fiscal year 2016, and the average dollar amount of each transfer also increased by 15%. This may be due to a higher turnover in State employees. With an increase in employee retirements, more new employees are being hired and they often have retirement savings plans from previous employers which they roll over into the Plan. A smaller factor in this increase is also due to the Plan now accepting rollovers from employer sponsored Roth plans. The first Roth transfers in were received in February 2017. All of these factors led to an increase in this category of receipts in fiscal year 2017.

State Surplus Property Revolving Fund - 0903

Sale of surplus property

Receipts in this category decreased in fiscal year 2017. This variance is related to the additional receipts from the selling of airplanes experienced in fiscal year 2016. This was a onetime occurrence not expected to be seen again.

Health Insurance Reserve Fund – 0907

Insurance premium-employees

This category of receipts increased more than our threshold of inquiry in fiscal year 2017. The Department stated this category must be examined along with the subsequent category, “optional health deductions”. When the receipts for both categories are combined, the fluctuation from fiscal year 2016 to fiscal year 2017 represents only a 3.1% increase and did not necessitate further inquiry.

Reimbursement of insurance premiums

This category of receipts increased more than our threshold of inquiry in fiscal year 2017. The Department stated this category must be examined along with the subsequent category, “health facility – life/health”. When the receipts for both categories are combined, the fluctuation from fiscal year 2016 to fiscal year 2017 represents only a 2.4% increase and did not necessitate further inquiry.

Federal Medicare Part D

Reporting issues with some health carriers and the Department's vendor responsible for managing the Retiree Drug Subsidy (RDS) data has caused a delay in the submission of the reimbursement request to U.S. Department of Health and Human Services. The Department, however, has up to 15 months after the end of the plan year to request reimbursement. These reporting issues impacted receipts in fiscal year 2017. As of December 31, 2017, the Department had not received significant reimbursements.

Road Fund

The fiscal year 2016 Road Fund request for the Health Insurance Reserve Fund was \$115,269,000 and the fiscal year 2017 Road Fund request was \$107,351,000. Both were received in fiscal year 2017.

ANALYSIS OF SIGNIFICANT VARIATIONS BETWEEN FISCAL YEARS 2015 AND 2016

Teachers Health Insurance Security Fund – 0203

Reimbursement/third party

Reimbursement/third party receipts decreased due to a decrease in formulary rebates. The Department receives formulary rebates for processed prescription drug claims for retail, mail and specialty pharmacy. The former vendor had guarantees on certain pricing components in the contract. If the pricing component guaranteed was not met, the vendor had to pay the Department the difference. In fiscal year 2014, one of the pricing components was not met and the Department received an \$8 million payment in fiscal year 2015. A similar payment was not received by the Department in 2016. As a result, receipts decreased in fiscal year 2016.

Federal Medicare Part D

The Federal Medicare Part D receipts decreased due to the Medicare enrollment demographic shift from self-insured carriers to the (fully insured) Medicare Advantage carriers. In addition, the “Donut Hole”, also known as the Medicare Part D coverage gap, is a period of consumer payment for prescription medication costs which lies between the initial coverage limit and the catastrophic coverage threshold when the consumer is a member of a Medicare part D prescription-drug program. This gap, associated with the program’s allowable claims, continues to decrease each year until the program expires in 2020. This also has an impact on the annual Federal Medicare Part D receipts.

General Revenue Fund transfer

The receipt transfer in fiscal year 2016 from the General Revenue Fund increased from fiscal year 2015 because one of the fiscal year 2015 transfers did not get paid until fiscal year 2016. Additionally, the monthly amount of the transfer was increased by \$600,000 in fiscal year 2016. The amount of General Revenue Fund transfers are controlled by a certification produced each year by the Board of Trustees for the Teachers’ Retirement System (TRS). The timing of the transfers is a combination of when TRS submits the transfer requests and when the State Comptroller releases the payment.

Kanerva vs. State Trust Fund – 0234

The court order specified the amounts and timing of the dollars originally collected into the Health Insurance Reserve Fund that had to be moved into the Kanerva vs. State Trust Fund from the distribution of amounts collected from retirees. It began in fiscal year 2014 and was concluded in fiscal year 2015.

State Garage Revolving Fund – 0303

Other Illinois State agencies

The appropriation in fiscal year 2016 was received very late in fiscal year 2016 and, in some cases, not at all for General Revenue Fund funded agencies. All agencies did not have the capacity to pay the State Garage Revolving Fund billings in fiscal year 2016, which caused a decrease in receipts from fiscal year 2015.

Private organization or individual

The private organization or individual receipts would be from sources like universities. These sources would be partially funded by the State of Illinois. In fiscal year 2016, the State had no budget; therefore, those sources did not receive their funding from the State. In a like manner, the State did not provide funding to these entities, so the same entities did not pay their State Garage Revolving Fund billings in fiscal year 2016, which caused a decrease in receipts from fiscal year 2015.

Statistical Services Revolving Fund – 0304

Other Illinois State agencies

Due to the budget impasse, not all agencies had a budget in order to make payments to the Department. As a result, receipts decreased from fiscal year 2015.

Prior year expenditure transfers

An expenditure transfer between the Communications Revolving Fund and the Statistical Services Revolving Fund occurred to correct a Department of Healthcare and Human Services payment from fiscal year 2013.

Communications Revolving Fund – 0312

Other Illinois State agencies

Due to the budget impasse, not all agencies had a budget in order to make payments to the Department. As a result, receipts decreased from fiscal year 2015.

Private organization or individual

The reduction in private organization or individual was tied to the inmate phone commissions that were transferred to the Department of Corrections in fiscal year 2016.

Prior year expenditure transfers

An expenditure transfer between the Communications Revolving Fund and the Statistical Services Revolving Fund occurred to correct a Department of Healthcare and Human Services payment from fiscal year 2013.

Facilities Management Revolving Fund – 0314

Other Illinois State agencies

The appropriation in fiscal year 2016 was received very late in fiscal year 2016 and, in some cases, not at all for General Revenue Fund funded agencies. All agencies did not have the capacity to pay the Facilities Management Revolving Fund billings in fiscal year 2016, which led to a decrease in receipts from fiscal year 2015.

Workers' Compensation Revolving Fund – 0332

Workers' compensation reimbursements

Subrogation activities are represented in this category. Subrogation does not result in linear receipts. Sometimes there is potential for subrogation, while other times there is not. More subrogation activity occurred in fiscal year 2015 than in fiscal year 2016, which resulted in increased workers' compensation reimbursements.

Group Insurance Premium Fund - 0457

Carrier refunds

Carrier refunds are solely dependent upon the performance of the program in a given year. Premium rates are projected based on actuarial data. When the program falls short of the projections, a refund is issued to the Department once the entire plan year has been closed out. Premium fluctuations are due to plan selections, the salary bands associated with each employee, and total headcount served by the plan. Carrier refunds are based upon the amount of premium paid to the vendor compared to the amount of claims paid out in a given year. The difference between the two changes every year based upon the experience of the plan. In fiscal year 2016, this resulted in an increase in receipts.

General Revenue Fund

General Revenue Fund transfers to the Group Insurance Premium Fund are a function of the other revenue sources in any given year. Contributions and refunds can vary from year to year, thus resulting in a different transfer need from the General Revenue Fund. The amount transferred in fiscal year 2016 was from the fiscal year 2015 appropriation.

Community College Health Insurance Security Fund – 0577

General Revenue Fund

The amount of General Revenue Fund transfers are controlled by a certification produced each year by the Board of Trustees for the State Universities Retirement System (SURS). The timing of the transfers are a combination of when SURS submits the transfer requests and when the State Comptroller.

SURS member payment

This category represents revenues received directly from participating retirees whose annuity check is insufficient to cover the amount of premium required by the program from that retiree. There is no consistent method for determining who might fall into that category in any given year. Thus any annual variance is completely haphazard.

State Surplus Property Revolving Fund - 0903

Sale of surplus property

A one time occurrence of the selling of airplanes occurred in fiscal year 2016 which contributed to additional receipts.

Health Insurance Reserve Fund - 0907

General Revenue Fund

The Department did not receive an appropriation from the General Revenue Fund in fiscal year 2016, thus a transfer to the Health Insurance Reserve Fund could not be made.

Road Fund

The fiscal year 2016 Road Fund request for the Health Insurance Reserve Fund was \$115,269,000. Road Fund appropriations were not authorized until June 30, 2016. The receipt was received in fiscal year 2017.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2017
(Unaudited)

The Illinois Department of Central Management Services' (Department) explanations for significant lapse period spending as presented in the Schedule of Appropriations, Expenditures and Lapsed Balances for fiscal years 2017 and 2016 (Schedules 1 and 2) are detailed below. For purposes of this analysis, significant lapse period spending is defined as \$500,000 and 20% or more of the total expenditures for the respective fiscal year.

Fiscal Year 2016

<u>Fund, Fund Number, and Explanation</u>	<u>Total Expenditures</u>	<u>Lapse Period Expenditures</u>	<u>Percent</u>
Road Fund - 0011	\$120,072,000	\$120,072,000	100.0%
State Garage Revolving Fund - 0303	27,909,585	15,203,198	54.5%
Statistical Services Revolving Fund - 0304	113,560,977	46,736,705	41.2%
Communications Revolving Fund - 0312	72,838,438	49,009,874	67.3%
Facilities Management Revolving Fund – 0314	166,194,877	82,604,980	49.7%
Professional Services Fund – 0317	11,668,755	4,194,424	35.9%
Workers' Compensation Revolving Fund – 0332	113,153,685	26,558,037	23.5%
State Surplus Property Revolving Fund – 0903	3,642,685	952,045	26.1%
Flexible Spending Account Fund – 0202	34,026,214	7,371,930	21.7%

The Department received its operating appropriation on June 30, 2016, as did other State agencies, for fiscal year 2016. As a result, much of the Department's fiscal year 2016 spending was processed during the lapse period.

Fiscal Year 2017

State Garage Revolving Fund – 0303 <i>Cash restraint issues lingering from the budget impasse resulted in State agencies not making timely payments to the revolving funds. Many payments from the fund were not made until the lapse period. In addition, approximately \$7.5 million for Illinois State Police vehicles was paid for during the lapse period of fiscal year 2017.</i>	\$60,221,253	\$19,837,397	32.9%
Facilities Management Revolving Fund – 0314 <i>Cash restraint issues lingering from the budget impasse resulted in the State agencies not making timely payments to the revolving funds. Many payments from the fund were not made until the lapse period of fiscal year 2017.</i>	168,088,221	51,635,524	30.7%

Fiscal Year 2017 - continued

Group Insurance Premium Fund – 0457 <i>Spending had to wait for sufficient revenue to occur in the fund before processing the remaining fiscal year expenditures. As a result, much of the spending occurred in the lapse period of fiscal year 2017.</i>	\$90,157,893	\$22,737,505	25.2%
Health Insurance Reserve Fund – 0907 <i>The fund saw more revenue during the lapse period months and was able to process additional vouchers for vendors for fiscal year 2017.</i>	3,321,401,035	2,185,574,644	65.8%

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2017
(Expressed in Thousands)
(Unaudited)

The Department utilizes the Attorney General, a private collection agency, and the Comptroller's Offset System to collect receivables. An aging schedule of the Department's accounts receivable at June 30, 2017 is presented below:

Fund	Current	1-30 Days	31 to 90 Days	91 to 180 Days	181 to 365 Days	Over 365 Days	Total
General Revenue Fund - 0001	\$ 59	\$ -	\$ 2	\$ 9	\$ 6	\$ 619	\$ 695
State Garage Revolving Fund - 0303	139	-	7,033	5,105	969	7,681	20,927
Facilities Management Revolving Fund - 0314	-	-	24,960	43,116	13,193	24,312	105,581
State Surplus Property Revolving Fund - 0903	-	-	-	-	-	7	7
Total	<u>\$ 198</u>	<u>\$ -</u>	<u>\$ 31,995</u>	<u>\$ 48,230</u>	<u>\$ 14,168</u>	<u>\$ 32,619</u>	\$ 127,210
Less: allowance for uncollectible accounts							<u>(710)</u>
Net accounts receivable							<u>\$ 126,500</u>

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
ANALYSIS OF ACCOUNTS RECEIVABLE
June 30, 2016
(Expressed in Thousands)
(Unaudited)

The Department utilizes the Attorney General, a private collection agency, and the Comptroller's Offset System to collect receivables. An aging schedule of the Department's accounts receivable at June 30, 2016 is presented below:

<u>Fund</u>	<u>Current</u>	<u>1-30 Days</u>	<u>31 to 90 Days</u>	<u>91 to 180 Days</u>	<u>181 to 365 Days</u>	<u>Over 365 Days</u>	<u>Total</u>
General Revenue Fund - 0001	\$ 67	\$ 8	\$ 2	\$ 33	\$ -	\$ 598	\$ 708
State Garage Revolving Fund - 0303	132	-	8,666	11,837	20,959	361	41,955
Statistical Services Revolving Fund - 0304	15,198	-	18,756	26,816	53,802	2,016	116,588
Communications Revolving Fund - 0312	6,949	-	8,969	12,178	19,465	18,999	66,560
Facilities Management Revolving Fund - 0314	-	-	24,422	49,639	24,538	4,397	102,996
State Surplus Property Revolving Fund - 0903	6	-	28	30	26	(9)	81
Total	<u>\$ 22,352</u>	<u>\$ 8</u>	<u>\$ 60,843</u>	<u>\$ 100,533</u>	<u>\$ 118,790</u>	<u>\$ 26,362</u>	<u>\$ 328,888</u>
Less: allowance for uncollectible accounts							<u>(2,505)</u>
Net accounts receivable							<u>\$ 326,383</u>

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
BUDGET IMPASSE DISCLOSURES
For the Two Years Ended June 30, 2017
(Unaudited)

Payment of Prior Year Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Illinois Department of Central Management Services (Department) to pay fiscal year 2016 costs using the Department's fiscal year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Department to pay its unpaid fiscal year 2016 and fiscal year 2017 costs using either the Department's fiscal year 2017 or fiscal year 2018 appropriations for non-payroll expenditures. The following charts show the Department's plan to pay its prior costs using future appropriations:

Fund No.	Fund Name	FISCAL YEAR 2016 INVOICES			
		Paid From Fiscal Year 2017 Appropriations		Expect Payment from Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
0001	General Revenue Fund	451	\$ 82,620,010	18	\$ 13,389,809
0303	State Garage Revolving Fund	4,565	923,987	-	-
0314	Facilities Management Revolving Fund	14,510	8,823,928	25	250,000
0317	Professional Services Fund	152	136,369	-	-
0332	Workers' Compensation Revolving Fund	84	809,850	-	-
0457	Group Insurance Premium Fund	76	62,360	1	110
0755	State Employees' Deferred Compensation Plan Fund	1	9,000	-	-
0907	Health Insurance Reserve Fund	602	1,721,139,861	155	770,066,406
Total		20,441	\$ 1,814,525,364	199	\$ 783,706,325

Fund No.	Fund Name	FISCAL YEAR 2017 INVOICES			
		Paid From Fiscal Year 2017 Appropriations		Expect Payment from Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
0001	General Revenue Fund	2,466	\$ 99,765,534	122	\$ 6,480,344
0011	Road Fund	5	124,464,000	-	-
0303	State Garage Revolving Fund	1,952	161,147	-	-
0314	Facilities Management Revolving Fund	26,368	160,985,991	1,500	2,500,000
0317	Professional Services Fund	2,672	16,978,150	32	90,731
0332	Workers' Compensation Revolving Fund	800	99,031,067	1	400,246
0457	Group Insurance Premium Fund	399	90,062,347	56	103,543
0755	State Employees' Deferred Compensation Plan Fund	569	171,076,159	1	50
0903	State Surplus Property Revolving Fund	792	2,902,923	-	-
0907	Health Insurance Reserve Fund	576	927,415,319	549	1,488,174,021
Total		36,599	\$ 1,692,842,637	2,261	\$ 1,497,748,935

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**
For the Two Years Ended June 30, 2017
(Unaudited)

Transactions Involving the Illinois Finance Authority

The Illinois Department of Central Management Services (Department) and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during fiscal year 2016 and fiscal year 2017.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the Department's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during fiscal year 2016 and fiscal year 2017.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
INTEREST COSTS ON INVOICES
For the Two Years Ended June 30, 2017
(Unaudited)

Medical-Related Interest Costs

The Illinois Department of Central Management Services (Department) plans to calculate late payment interest due to healthcare and dental providers under the Illinois Insurance Code (Code) (215 ILCS 5/368a) using the invoice's claim process date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during fiscal year 2016 and fiscal year 2017. The Code (215 ILCS 5/368a) requires interest to be paid under a daily simple interest rate of .025% (.0075% over a 30-day period) for every day elapsed following the 30th day after a vendor submits a claim to the Department. The following chart shows the Department's timely payment interest incurred related to fiscal year 2016 and fiscal year 2017 invoices, calculated on the accrual basis of accounting, through June 30, 2016 and June 30, 2017, by fund:

TIMELY PAYMENT INTEREST INCURRED				
Year Ended June 30, 2016				
Fund No.	Fund Name	Invoices	Vendors	Dollar Value
0907	Health Insurance Reserve Fund	19	5	\$ 31,906,917
Year Ended June 30, 2017				
Fund No.	Fund Name	Invoices	Vendors	Dollar Value
0907	Health Insurance Reserve Fund	42	5	\$ 89,218,081

Prompt Payment Interest Costs

The Department plans to calculate prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540) using the vendor's proper bill date through the date the State Comptroller issues a warrant to the vendor, regardless of when and if an enacted appropriation existed during fiscal year 2016 and fiscal year 2017. The Act (30 ILCS 540/3-2) and the Illinois Administrative Code (74 Ill. Admin. Code 900.100) require interest to be paid under a daily simple interest rate of .033% (1% over a 30-day period) for every day elapsed following the 90th day after a vendor submits an eligible proper bill to the Department. The following chart shows the Department's prompt payment interest incurred related to fiscal year 2016 and fiscal year 2017 invoices, calculated on the accrual basis of accounting, through June 30, 2016 and June 30, 2017, by fund:

PROMPT PAYMENT INTEREST INCURRED				
Year Ended June 30, 2016				
Fund No.	Fund Name	Invoices	Vendors*	Dollar Value
0001	General Revenue Fund	75	12	\$ 245,888
0303	State Garage Revolving Fund	4,565	996	923,987
0304	Statistical Services Revolving Fund	214	124	2,466,854
0312	Communications Revolving Fund	318	131	1,217,474
0314	Facilities Management Revolving Fund	12,873	546	2,647,163
0317	Professional Services Fund	216	114	51,260
0332	Workers' Compensation Revolving Fund	45	17	730
0457	Group Insurance Premium Fund	1	1	44,678
0755	State Employees' Deferred Compensation Plan Fund	13	3	200
0903	State Surplus Property Revolving Fund	35	32	7,287
0907	Health Insurance Reserve Fund	378	122	35,170,766
Total		18,733	1,878	\$ 42,776,287

*Total of vendors represents count of unique vendors regardless of fund.

- interest calculated through 12/15/2017 for invoices not yet paid by the State Comptroller.

PROMPT PAYMENT INTEREST INCURRED				
Year Ended June 30, 2017				
Fund No.	Fund Name	Invoices	Vendors*	Dollar Value
0001	General Revenue Fund	997	129	\$ 297,862
0303	State Garage Revolving Fund	1,952	612	161,147
0314	Facilities Management Revolving Fund	6,543	421	771,165
0317	Professional Services Fund	33	23	2,640
0332	Workers' Compensation Revolving Fund	1	1	5
0457	Group Insurance Premium Fund	3	1	271,165
0907	Health Insurance Reserve Fund	462	47	244,617,589
Total		9,991	1,374	\$ 246,121,573

*Total of vendors represents count of unique vendors regardless of fund.

- interest calculated through 12/15/2017 for invoices not yet paid by the State Comptroller.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
AVERAGE NUMBER OF EMPLOYEES
For the Fiscal Years Ended June 30, 2017, 2016, and 2015
(Unaudited)

The following information was prepared from the Department of Central Management Services' records and represents the average full-time equivalent number of employees by bureau during the fiscal years ended June 30:

<u>Bureau</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Agency Services	153	173	179
Administrative Operations	124	103	103
Communication and Computer Services*	-	500	509
Personnel	102	96	97
Benefits	65	75	75
Property Management	265	267	268
Information Services	-	31	38
Business Enterprise Program	16	16	13
Strategic Sourcing	<u>26</u>	<u>25</u>	<u>26</u>
Total	<u><u>751</u></u>	<u><u>1,286</u></u>	<u><u>1,308</u></u>

* Executive Order 2016-01 created the Department of Innovation and Technology (DoIT). Bureau of Communication and Computer Services personnel transferred to DoIT in 2017.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
EMERGENCY PURCHASES
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Description	Amount
Procurement for continuation of the Open Data Portal agreement while completing the procurement process for a new agreement.	\$ 33,499 *
Procurement of amber lights needed immediately for construction vehicles during the warmer months from a new vendor after the previous vendor asked to be relieved of their contractual duties.	320,498
	\$ 353,997

* Estimated Cost

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
EMERGENCY PURCHASES
For the Fiscal Year Ended June 30, 2016
(Unaudited)

Description	Amount
Procurement of building materials to repair damage to the walkway around a cooling tower on the roof at the Illinois State Police facility in Springfield.	\$ 2,776
Procurement of lease extension for the Illinois Department of Human Services office in Kewanee to allow time to complete the procurement process.	4,286
Procurement of temporary janitorial services for the Illinois Emergency Management Agency building in Springfield while waiting for a new vendor to complete background checks for a new contract.	9,751
Procurement of repair services for flood damage due to a water main break at the Bilandic Building in Chicago.	459,331 *
Procurement of temporary staffing services for downstate Illinois.	140,205
Procurement of temporary janitorial services for the Illinois State Police office in Ashkum while waiting for the new vendor to submit required documentation.	3,378
Procurement of temporary janitorial services for the retail areas at the James R. Thompson Center in Chicago after the previous contractor quit due to payment	132,094
Procurement of lease extension for the Department of Children and Family Services (DCFS) office in Chicago to allow time to complete the procurement	54,026
Procurement of lease extension for the DCFS office on Ogden Avenue in Chicago to allow time to complete the procurement process.	36,292
Procurement of lease extension for parking space the DCFS office on Ogden Avenue in Chicago to allow time to complete the procurement process.	6,379
	<u>\$ 848,518</u>

* Estimated

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
MEMORANDUM OF UNDERSTANDING
For the Fiscal Years Ended June 30, 2017 and 2016
(Unaudited)

The Illinois Department of Central Management Services (Department) entered into the following Memorandum of Understanding during the engagement period.

DEFENSE LOGISTICS AGENCY

The Department entered into an agreement with the Defense Logistics Agency for the purpose of transferring excess Department of Defense personal property to suitable law enforcement activities in the State covering fiscal years 2017 and 2018.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL MANAGEMENT SERVICES
SERVICE EFFORTS AND ACCOMPLISHMENTS
For the Two Years Ended June 30, 2017
(Unaudited)

Business Enterprise Program (BEP)

Mission Statement: To promote and encourage the economic development of businesses owned and operated by minorities, females, persons with disabilities, veterans and service-disabled veterans by providing education and encouraging participation as prime or sub-contractors in the state's procurement process.

Program Goals:

Objectives:

- 1 Create economic opportunities for businesses owned by minorities, females, persons with disabilities, veterans, and service-disabled veterans.
- 2 Promote the participation of BEP vendors as prime and subcontractors.
- 3 Ensure state agencies and universities comply with procurement rules related to contracting with BEP-certified vendors.
- 4 Create an online application that allows vendors to track the application process and for the bureau to respond to requests for information.
- 5 Increase the number of certified veteran-owned businesses for the Veteran Business Program (VBP).
- 6 Increase outreach and training to minority communities and agencies across the state.
- 7 Monitor the efforts of agencies towards their achievement of BEP prime and sub-contracting goals for all state contracts.

Funds: General Revenue Fund

Statutory Authority: 30 ILCS 575

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>
Input Indicators					
Total expenditures - all sources (in thousands)	\$ 1,173.8	\$ 1,286.1	\$ 1,300.0	\$ 876.9	\$ 1,000.0
Total expenditures - state appropriated funds (in thousands)	\$ 1,173.8	\$ 1,286.1	\$ 1,300.0	\$ 876.9	\$ 1,000.0
Average monthly full-time equivalents	16.0	16.0	16.0	16.0	16.0
Output Indicators					
BEP applications received	2,137	2,250	2,200	2,200	2,300
Newly certified vendors	248.0	235.0	235.0	250.0	300.0
Certified BEP vendors	1,799	1,919	2,010	2,010	2,200
Outcome Indicators					
Total contract dollars awarded to eligible BEP vendors (in thousands)	\$ 557,931.8	\$ 507,904.4	\$ 525,000.0	\$ 525,000.0	\$ 525,000.0
Percent of total contract dollars awarded to eligible BEP vendors	34.2%	19.3%	20%	20%	20%

Communications and Broadband Services

Mission Statement: To provide state-of-the-art, reliable, cost-effective, high-quality communications and broadband services to state agencies, boards, commissions, constitutional offices, educational entities and participating units of local and county government.

Program Goals:

Objectives:

- 1 Migrate phone lines leased from outside vendors to the state's Voice Over Internet Protocol (VOIP) infrastructure to reduce operating costs.
- 2 Complete transition of all state call centers to the state's VOIP infrastructure to lower cost, improve tracking and reporting, and modernize functionality.
- 3 Expand the reach of the Illinois Century Network (ICN) to provide service to additional schools and units of local government.
- 4 Increase and improve the state's online presence to improve information availability, increase transparency, and reduce operating expenses.
- 5 Provide professional quality media materials to increase awareness of state programs and initiatives in a cost-effective manner.

Funds: General Revenue Fund, Capital Development Fund, Communications Revolving Fund

Statutory Authority: 20 ILCS 405/405-20; 405-27

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected (a)</u>	<u>Fiscal Year 2017 Actual (a)</u>	<u>Fiscal Year 2018 Target /Projected (a)</u>
<u>Input Indicators</u>					
Total expenditures - all sources (in thousands)	\$ 101,806.9	\$ 75,512.0	\$ 75,500.0	0	0
Total expenditures - state appropriated funds (in thousands)	\$ 101,806.9	\$ 75,512.0	\$ 75,500.0	0	0
Average monthly full-time equivalents	186.0	189.0	189.0	0	0
<u>Output Indicators</u>					
Leased phone lines managed	54,415	49,533	37,150	N/A	N/A
Phones converted to Voice Over Internet Protocol (VOIP) technology	3,464	10,502	21,484	N/A	N/A
Average Telecommunications Voice Orders (TSR) processed per month	981.0	691.0	691.0	N/A	N/A
Non-smartphone wireless devices managed	12,535	17,241	17,421	N/A	N/A
Smartphone devices managed	4,540	4,605	4,605	N/A	N/A
Network data circuits managed	4,872	4,087	4,087	N/A	N/A
<u>Outcome Indicators</u>					
Illinois' Century Network (ICN) anchor institutions	5,246	4,350	4,350	N/A	N/A
Percent of incidents resolved within performance standards set for third-party telecommunication providers	99%	93.3%	93.3%	N/A	N/A
Average bandwidth in Gbps (all customers)	56.0	99.0	99.0	N/A	N/A

Efficiency/Cost-Effectiveness

Network availability

99.99%

99.99%

99.99%

N/A

N/A

Explanatory Information (a)

The Communications and Broadband Services program and the Information Technology program were transferred from CMS oversight to the Department of Innovation and Technology (DoIT) as of fiscal year 2017. Please refer to CMS PAR reports regarding performance information within the two programs for fiscal year 2016 and prior years. Please refer to DoIT PAR reports for performance information within the two programs for fiscal year 2017 and future years.

Deferred Compensation

Mission Statement: To administer high-quality investment programs that enhance the prosperity of employees by providing an alternative pre-tax savings option for retirement.

Program Goals:

Objectives:

- 1 Provide eligible employees additional opportunities to prepare for retirement.
- 2 Establish a Roth 457 option for eligible employees to increase savings opportunities.
- 3 Modify program rules and regulations to give participants full access to deferred compensation program benefits, as permitted under law.

Funds: State Employees Deferred Compensation Plan Fund

Statutory Authority: 40 ILCS 5/24 / IRS Code

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>
Input Indicators					
Total expenditures - all sources (in thousands)	\$ 1,232.6	\$ 1,258.0	\$ 1,300.0	\$ 1,110.6	\$ 1,200.0
Total expenditures - state appropriated funds (in thousands)	\$ 1,232.6	\$ 1,258.0	\$ 1,300.0	\$ 1,110.6	\$ 1,200.0
Average monthly full-time equivalents	9.0	9.0	9.0	7.0	7.0
Output Indicators					
Investment options offered	16.0	16.0	15.0	7.0	7.0
New program participants	3,448	2,837	2,800	2,972	3,000
Employees currently contributing	31,790	30,200	30,200	29,949	30,000
Total program participants	52,415	52,328	53,000	52,357	53,000
Outcome Indicators					
Participant dollars deferred (in thousands)	\$ 166,938.0	\$ 168,275.6	\$ 165,000.0	\$ 162,376.0	\$ 165,000.0
Average annual contribution by actively contributing employees (in dollars)	\$ 5,251.00	\$ 5,572.00	\$ 5,500.00	\$ 5,422.00	\$ 5,500.00
Efficiency/Cost-Effectiveness					
Average annual administrative cost per participant (in dollars)	\$ 25.24	\$ 23.00	\$ 23.00	\$ 23.00	\$ 23.00
External Benchmarks					
Investments exceeding benchmark one-year rolling return	44%	45%	45%	99.65%	99.65%

Facilities Management

Mission Statement: To maintain and optimize the use of state-owned facilities consolidated under CMS and to provide access to additional space as needed through cost-efficient leasing to ensure agencies have space available to meet their operating needs. To manage the daily operations of and public access to facilities by maintaining grounds, structures, utilities, and environmental systems. To acquire, manage and dispose of real and personal property through the surplus property program in an efficient and cost-effective manner.

Program Goals:

Objectives:

- 1 Maximize the utilization of state-owned space.
- 2 Reduce annual maintenance cost of state-owned space and the utility cost of all state-occupied space.
- 3 Reduce the amount and cost per square foot of leased space.
- 4 Implement a new system to track the utilization and operating costs of space.
- 5 Increase the energy efficiency of state facilities.
- 6 Increase the use of alternative energy.

Funds: General Revenue Fund, Facilities Management Revolving Fund

Statutory Authority: 20 ILCS 405/405-300 & EO 03-10

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	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>
Input Indicators					
Total expenditures - all sources (in thousands)	\$ 210,192.8	\$ 168,336.5	\$ 170,000.0	\$ 134,485.5	\$ 135,000.0
Total expenditures - state appropriated funds (in thousands)	\$ 210,192.8	\$ 168,336.5	\$ 170,000.0	\$ 134,485.5	\$ 135,000.0
Average monthly full-time equivalents	282.0	293.0	290.0	273.0	273.0
Output Indicators					
Facilities under CMS management	689.0	651.0	655.0	664.0	650.0
Square feet managed by CMS	15,005,453	14,465,819	14,500,000	15,456,135	15,500,000
Leases under CMS management	359.0	321.0	325.0	334.0	330.0
State-owned facilities managed by CMS	330.0	330.0	330.0	330.0	330.0
Surplus real properties managed by CMS	17.0	12.0	10.0	11.0	11.0
Facility work orders completed	25,000	20,000	25,000	7,476	10,000
Capital spending on CMS managed state-owned facilities (in thousands) (a)	\$ 3,442.5	0	\$ 2,000.0	0	\$ 2,000.0
Outcome Indicators					
Average statewide maintenance cost per square foot for state-owned space (in dollars)	N/A	\$ 3.59	\$ 3.66	\$ 2.95	\$ 3.00
Average statewide lease cost per square foot (in dollars)	\$ 17.00	\$ 17.50	\$ 18.50	\$ 18.50	\$ 19.00

Footnotes

a Capital spending was suspended for facilities during the budget impasse of FY 2016 and 2017.

Human Resources

Mission Statement: To ensure that qualified individuals are hired into code-covered positions, that those employees are compensated and promoted equitably and appropriately, and that agencies comply with the rules set forth in the State's Personnel Code, Personnel Rules, Pay Plan, Position Classification Plan, current collective bargaining agreements and other applicable laws and hiring procedures.

**Program Goals:
Objectives:**

- 1 Recruit and counsel qualified employees with an emphasis on maintaining a diverse employee pool that includes minorities, women, veterans, and persons with disabilities.
- 2 Develop and administer more efficient testing and selection instruments.
- 3 Improve on efforts to administer the Rutan Supreme Court decision and related Administrative Orders.
- 4 Efficiently process employee and agency transactions and payroll certifications.
- 5 Develop and implement updated classification and compensation studies.

Funds: General Revenue Fund

Statutory Authority: 20 ILCS 405; 20 ILCS 415

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>
Input Indicators					
Total expenditures - all sources (in thousands)	\$ 9,565.1	\$ 9,518.2	\$ 9,500.0	\$ 6,072.2	\$ 6,200.0
Total expenditures - state appropriated funds (in thousands)	\$ 9,565.1	\$ 9,518.2	\$ 9,500.0	\$ 6,072.2	\$ 6,200.0
Average monthly full-time equivalents	94.0	125.0	125.0	100.0	100.0
Output Indicators					
Code-covered state employees	45,189	45,696	45,000	44,780	45,000
Employee transactions processed	125,886	105,331	115,000	85,306	100,000
Job applications received	188,308	116,981	100,000	66,610	100,000
Automated exams for employment candidates	99,357	70,716	80,000	59,299	80,000
Training and experience (TRAEX) exams graded	50,742	51,756	50,000	49,042	50,000
Job description revisions (104s) processed	8,630	7,933	8,000	2,416	5,000
Rutan reviews of positions processed	1,853	1,734	1,800	171.0	1,500
Employees trained on Rutan hiring process	798.0	748.0	500.0	279.0	500.0
Outcome Indicators					
approve job descriptions					
Percent of full-time permanent state employees in code agencies that represent a minority group (includes women)	59.7%	59.2%	60%	59.6%	60%
Average number of days to review and	27.5	23.2	20.0	28.0	30.0

Explanatory Information

The CMS program formerly called Personnel, has been renamed to Human Resources as of fiscal year 2017.

Information Technology

Mission Statement: To provide consolidated Information Technology (IT) services including desktop support, helpdesk, application management, data security, data center and disaster recovery services that are state-of-the-art, reliable, cost-effective, secure, and high quality to our customers.

Program Goals:

Objectives:

- 1 Use technology effectively to reduce administration costs.
- 2 Encourage agencies to upgrade and replace legacy mainframe systems.
- 3 Continue consolidation of state agencies into the shared data center to reduce capital investment and operating expense for the state.
- 4 Complete the refresh of desktop and laptop computers, upgrading users to Windows 7 and Office 2010 to increase employee efficiency and improve information security.
- 5 Support the rollout of the statewide ERP system and ensure successful integration with existing applications.
- 6 Continue to measure and improve reliability, security, and availability of services.
- 7 Standardize service offerings to provide consistent cost effective services to all state agencies.

Funds: Capital Development Fund, Statistical Services Revolving Fund

Statutory Authority: 20 ILCS 450 & EO 06-12

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected (a)</u>	<u>Fiscal Year 2017 Actual (a)</u>	<u>Fiscal Year 2018 Target /Projected (a)</u>
Input Indicators					
Total expenditures - all sources (in thousands)	\$ 144,910.3	\$ 115,024.4	\$ 115,000.0	0	0
Total expenditures - state appropriated funds (in thousands)	\$ 144,910.3	\$ 115,024.4	\$ 115,000.0	0	0
Average monthly full-time equivalents	406.0	430.0	430.0	0	0
Output Indicators					
State employee users supported	40,865	42,500	42,500	N/A	N/A
Email users supported	43,500	42,250	46,960	N/A	N/A
Websites supported	108.0	113.0	130.0	N/A	N/A
Statewide applications supported	29.0	29.0	29.0	N/A	N/A
Personal Identity Certificates (PKI) issued to the public	312,104	324,050	337,000	N/A	N/A
Help Desk calls answered	154,608	111,371	117,000	N/A	N/A
Midrange computing environment availability	99%	99%	99%	N/A	N/A
Virtualized servers managed	2,650	2,666	3,000	N/A	N/A
Megabytes of Direct Access Storage Device (DASD) billed per month	48,918,294	49,407,477	50,889,701	N/A	N/A
Legacy systems supported and maintained	32.0	32.0	32.0	N/A	N/A

Explanatory Information (a)

The Communications and Broadband Services program and the Information Technology program were transferred from CMS oversight to the Department of Innovation and Technology (DoIT) as of fiscal year 2017. Please refer to CMS PAR reports regarding performance information within the two programs for fiscal year 2016 and prior years. Please refer to DoIT PAR reports for performance information within the two programs for fiscal year 2017 and future years.

Labor Relations and Legal Services

Mission Statement: To promote a constructive working relationship between management and organized labor through negotiating and ensuring compliance with statewide collective bargaining agreements. To provide legal support to negotiate, interpret and enforce agreements on statewide issues, including labor and other concerns.

Program Goals:

Objectives:

- 1 Negotiate collective bargaining agreements that allow for the efficient management of statewide operations and provide for equitable treatment of employees.
- 2 Ensure continuity of services in case of strike or job action.
- 3 Provide support to agencies to ensure compliance with all collective bargaining agreements.

Funds: Professional Services Fund

Statutory Authority: 20 ILCS405;5 ILCS 315;EO 03-10

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected (a)</u>	<u>Fiscal Year 2017 Actual (a)</u>	<u>Fiscal Year 2018 Target /Projected (a)</u>
Input Indicators					
Total expenditures - all sources (in thousands)	\$ 8,075.6	\$ 9,401.7	\$ 9,400.0	0	0
Total expenditures - state appropriated funds (in thousands)	\$ 8,075.6	\$ 9,401.7	\$ 9,400.0	0	0
Average monthly full-time equivalents	36.0	35.0	35.0	0	0
Output Indicators					
Union agreements managed	32.0	32.0	32.0	N/A	N/A
Code-covered bargaining unit employees represented	42,315	42,000	42,000	N/A	N/A
Grievances processed	1,072	819.0	1,000	N/A	N/A
Disciplinary actions processed including discharges, probationary discharges, and suspensions over 30 days	460.0	481.0	475.0	N/A	N/A
Sick Leave Bank requests processed	94.0	81.0	90.0	N/A	N/A
INA Tuition Reimbursement requests processed	34.0	0	35.0	N/A	N/A

Explanatory Information (a)

The CMS program formerly called Labor Relations and Legal Services is part of a consolidated CMS program called Professional and Strategic Services, effective in fiscal year 2017. Labor Relations and Legal performance measures are now tracked under Professional and Strategic Services.

Professional and Strategic Services

Mission Statement: To provide professional and strategic services for CMS and other Illinois executive agencies, including Legal, Labor Relations, Communications, Fiscal, Audit, and Rapid Results.

Program Goals:

Objectives:

- 1 Increase and improve the state's online presence to improve information availability, increase transparency, and reduce operating expenses (Communications).
- 2 Provide professional quality media materials to increase awareness of state programs and initiatives in a cost-effective manner (Communications).
- 3 Negotiate collective bargaining agreements that allow for the efficient management of statewide operations and provide for equitable treatment of employees (Legal/Labor Relations).
- 4 Provide support to agencies to ensure compliance with all collective bargaining agreements (Legal/Labor Relations).

	<u>Fiscal Year 2015 Actual(a)</u>	<u>Fiscal Year 2016 Actual(a)</u>	<u>Fiscal Year 2017 Target /Projected</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>
<u>Input Indicators</u>					
Total expenditures - all sources (in thousands) (a)	0	0	\$ 40,000.0	\$ 40,783.2	\$ 41,000.0
Total expenditures - state appropriated funds (in thousands) (a)	0	0	\$ 40,000.0	\$ 40,783.2	\$ 41,000.0
Average monthly full-time equivalents (a)	0	0	93.0	93.0	93.0
<u>Output Indicators</u>					
Union agreements managed (Legal/LR)	32.0	32.0	32.0	32.0	32.0
Code-covered bargaining unit employees represented (Legal/LR)	42,315	41,110	42,000	42,000	42,000
Grievances processed (Legal/LR)	1,072	819.0	1,000	1,000	1,000
Disciplinary actions processed including discharges, probationary discharges and suspensions over 30 days (Legal/LR)	460.0	481.0	475.0	475.0	450.0
<u>Outcome Indicators</u>					
Customer satisfaction index on a scale from 1 to 4 with 4 most satisfied (Communications)	N/A	3.1	3.2	3.2	3.3
Agency/Employee satisfaction index on communications and information availability (Communications)	N/A	3.2	3.2	3.2	3.3

Explanatory Information

As of fiscal year 2017, the Professional and Strategic Services program in CMS is in place to incorporate similar programs and services to the various state executive agencies and CMS. The consolidated programs include Legal/Labor Relations, Communications, Fiscal, Audit and Rapid Results.

Footnotes

a As of fiscal year 2017, the Professional and Strategic Services program in CMS is in place to incorporate similar programs and services to the various state executive agencies and CMS. The consolidated programs include Legal/Labor Relations, Communications, Fiscal, Audits and Rapid Results. Expenditures and Headcount for years prior to FY 2017 are unavailable for the new program.

State Employee Group Health and Life Insurance

Mission Statement: To administer high-quality benefit programs that contribute positively to the health, well-being, and financial security of statutorily-specified groups of Illinois government employees, retirees and their families.

Program Goals:

Objectives:

- 1 Develop, promote and implement a comprehensive wellness program to improve health of members and realize savings negotiated in the union contract. Raise awareness of current wellness options under existing group health plans.
- 2 Identify savings and efficiencies in benefit programs.
- 3 Ensure clear communication of plan details and benefits to all eligible participants during the benefits choice period.
- 4 Work towards improving long-term health of eligible members by providing access to healthcare and life insurance coverage.

Funds: General Revenue Fund, Road Fund, Group Insurance Premium Fund, Health Insurance Reserve Fund

Statutory Authority: 5 ILSC 375; IRS 125.45.CFR1

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>
Input Indicators					
Total expenditures - all sources (in thousands)	\$ 4,237,985.3	\$ 698,540.5	\$ 700,000.0	\$ 1,387,420.6	\$ 1,400,000.0
Total expenditures - state appropriated funds (in thousands)	\$ 4,237,985.3	\$ 698,540.5	\$ 700,000.0	\$ 1,387,420.6	\$ 1,400,000.0
Average monthly full-time equivalents	56.0	67.0	67.0	54.0	54.0
Output Indicators					
Lives covered (Group Health): total	362,696	363,854	348,301	348,301	332,000
Lives covered (Group Health): active employees	103,085	102,058	95,444	95,444	91,000
Lives covered (Group Health): retired	88,423	89,765	91,451	91,451	92,900
Lives covered (Group Health): dependents of active participants	131,869	131,587	120,226	120,226	120,000
Lives covered (Group Health): dependents of retired participants	39,319	40,444	41,180	41,180	42,000
Lives covered (Life Insurance): total	300,910	300,019	297,802	297,802	294,000
Lives covered (Life Insurance): active	104,914	108,731	105,635	105,635	103,000
Lives covered (Life Insurance): Retired	91,687	87,218	89,640	89,640	92,000
Lives covered (Life Insurance): dependents of active participants	82,748	85,485	83,387	83,387	81,000
Lives covered (Life Insurance): dependents of retired participants	21,561	18,585	19,140	19,140	18,000
Flexible spending accounts, participant	15,259	16,114	16,418	14,861	15,306

Outcome Indicators

Percent of Medicare coordination of benefits cases completed within 30 days	95%	92%	92%	92%	92%
Percentage of group insurance coverage disputes resolved within 30 days	98%	92%	93%	80%	85%

Efficiency/Cost-Effectiveness

State FICA Savings From Commuter Savings Program (in thousands)	\$ 237.4	\$ 237.2	\$ 239.5	\$ 239.5	\$ 240.0
State FICA Savings From Flexible Spending Programs (in thousands)	\$ 2,028.5	\$ 2,159.1	\$ 2,223.9	\$ 2,223.9	\$ 2,300.0

Explanatory Information

This program was formerly known as Benefits for fiscal year 2016 and prior years.

Strategic Sourcing

Mission Statement: To maximize the value of taxpayer dollars spent by executive agencies on goods and services, and to reduce the cost of state government through a center-led sourcing approach. To carry out efficient, effective and sound procurement and contract management practices as well as provide quality service through teamwork and communication with governmental entities in addition to the Chief Procurement Office.

Program Goals:

Objectives:

- 1 Create a more efficient procurement system by removing duplicative efforts and providing consistency to all aspects of the process.
- 2 Reform the procurement process to Increase overall efficiency of operations while containing cost.
- 3 Implement and oversee the BidBuy eProcurement system to provide improved reporting capabilities and the ability to track spending, and analyze results.
- 4 Maximize revenues spend on goods and services by increasing competition for contracts and ensuring the integrity of the overall process.

Funds: General Revenue Fund

Statutory Authority: 30 ILCS 500, 20 ILCS 405

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>
<u>Input Indicators</u>					
Total expenditures - all sources (in thousands)	\$ 2,249.4	\$ 2,156.4	\$ 2,200.0	\$ 1,464.7	\$ 1,500.0
Total expenditures - state appropriated funds (in thousands)	\$ 2,249.4	\$ 2,156.4	\$ 2,200.0	\$ 1,464.7	\$ 1,500.0
Average monthly full-time equivalents	27.0	28.0	28.0	25.0	25.0
<u>Output Indicators</u>					
Contracts managed by Strategic Sourcing	1,063	790.0	1,000	559.0	1,000
Number of statewide master contracts (yielding over 8,500 individual core items)	468.0	468.0	500.0	250.0	300.0
State Use contracts	291.0	270.0	275.0	258.0	258.0
Qualified Not-for-profit entities with State Use contracts	54.0	55.0	57.0	53.0	53.0
<u>Outcome Indicators</u>					
Joint purchasing contracts managed by Bureau of Strategic Sourcing and available to local and county governments.	259.0	261.0	260.0	260.0	275.0

Vehicles and Surplus Property

Mission Statement: To maximize efficiency, reduce costs and streamline operations through efficient utilization of state vehicles and garages. Assist organizations to reduce costs through the proper re-utilization of state assets, vehicles, recycling and office equipment.

Program Goals:

Objectives:

- 1 Ensure that vehicle fleet is utilized effectively and that agencies are using the most cost-effective modes of transportation.
- 2 Ensure vehicle repair and maintenance is completed in a timely and cost-efficient manner.
- 3 Modernize the state fleet to reduce the costs of repairs and consumption of fuel.
- 4 Reduce expenses by deploying more fuel-efficient vehicles, including hybrids and electrics.
- 5 Increase assistance to state agencies through the transfer of surplus property.
- 6 Increase communication and participation with the local units of government in the Federal Surplus program and iBid.

Funds: State Garage Revolving Fund

Statutory Authority: 20 ILCS 405;30 ILCS 605

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>
Input Indicators					
Total expenditures - all sources (in thousands)	\$ 53,782.8	\$ 31,958.9	\$ 32,000.0	\$ 48,653.3	\$ 50,000.0
Total expenditures - state appropriated funds (in thousands)	\$ 53,782.8	\$ 31,958.9	\$ 32,000.0	\$ 48,653.3	\$ 50,000.0
Average monthly full-time equivalents	163.0	171.0	171.0	160.0	160.0
Output Indicators					
Total vehicles managed by CMS	12,400	12,400	12,400	11,850	11,850
Passenger vehicles managed by CMS	8,813	9,000	9,200	8,800	8,800
Other vehicles managed by CMS	3,587	3,040	3,200	3,040	3,040
Vehicles in CMS Vehicle Use Program	4,192	4,100	4,000	4,050	4,050
Electric vehicles	55.0	60.0	56.0	54.0	54.0
Electric vehicle charging stations	30.0	34.0	35.0	30.0	30.0
Gallons of fuel purchased (all blends)	524,732	620,000	600,000	600,000	600,000
Fleet Consumption-Biodiesel (gallons)	2,175,800	2,214,200	2,200,000	2,215,296	2,300,000
Fleet Consumption-E-85 (gallons)	127,700	150,800	135,000	126,247	130,000
Registered iBid bidders (State Surplus Property)	26,944	30,000	35,000	30,000	31,000
Outcome Indicators					
Percentage of obsolete vehicles (8+ years old and/or 150,000+ miles) in the state fleet	44%	44%	55%	53%	43%
Average maintenance/repair cost per state fleet passenger vehicle (in dollars)	0	\$ 3,090.00	\$ 3,200.00	\$ 3,200.00	\$ 3,300.00
Fleet usage – customer satisfaction index on a scale from 1 to 4, with 4 as highest satisfaction.	N/A	2.7	2.7	2.7	2.8

Workers' Compensation and Risk Management

Mission Statement: To provide healthcare and financial security to employees and their families when the employee is injured while performing their duties for the state, to efficiently manage the collection and payment of funds for damaged property, and to minimize the state's exposure to various risks.

Program Goals:

Objectives:

- 1 Reduce overall program costs.
- 2 Conduct face-to-face meetings with the three agencies with the most claims to coordinate efforts to reduce the number and severity of employee claims.
- 3 Provide monthly agency-specific financial and statistical reports.
- 4 Negotiate with the union to implement a Preferred Provider Network.
- 5 Avoid increased costs and litigation through early communication with the injured/damaged party.
- 6 Reduce the state's self-insured liability by obtaining outside insurance coverage for certain state property, when appropriate.
- 7 Protect the state's interest while hosting external events and protect elected officials from unnecessary personal liability exposure through a comprehensive insurance plan.

Funds: General Revenue Fund, Workers' Compensation Revolving Fund

Statutory Authority: 5 ILCS 350 / 20 ILCS 405

	<u>Fiscal Year 2015 Actual</u>	<u>Fiscal Year 2016 Actual</u>	<u>Fiscal Year 2017 Target /Projected</u>	<u>Fiscal Year 2017 Actual</u>	<u>Fiscal Year 2018 Target /Projected</u>
Input Indicators					
Total expenditures - all sources (in thousands)	\$ 143,410.2	\$ 114,870.9	\$ 115,000.0	\$ 102,886.5	\$ 103,000.0
Total expenditures - state appropriated funds (in thousands)	\$ 143,410.2	\$ 114,870.9	\$ 115,000.0	\$ 102,886.5	\$ 103,000.0
Average monthly full-time equivalents	8.0	9.0	9.0	9.0	9.0
Output Indicators					
New workers' compensation (WC) injuries	5,269	5,460	5,500	4,925	5,000
Open workers' compensation claims (per statute)	20,150	25,600	26,000	25,000	24,750
Active workers' compensation claims (per third party administrator)	5,282	5,500	6,000	5,250	6,500
WC claimants returned to work at modified duty	540.0	1,000	1,250	1,250	1,500
Independent medical evaluations performed	1,179	800.0	1,000	727.0	800.0
New auto liability claims	1,562	1,586	1,700	1,429	1,700
Open auto liability claims	313.0	350.0	350.0	356.0	350.0
Auto liability claims settled out of court	1,552	1,800	1,800	1,528	1,800

Outcome Indicators

Average days to close a property damage liability claim	N/A	90.0	90.0	90.0	90.0
Average days to close a bodily injury liability claim	N/A	180.0	180.0	180.0	180.0

External Benchmarks

WC claims denied/non- compensable claims (percent)	16%	16%	16%	16%	16%
Bill review savings to total billed medical expenses (percent)	72%	64%	66%	66%	68%
Claim disputes resolved each month (percent)	99%	92%	93%	93%	93%
Claimants contacted within five days of accident report (percent)	100%	98%	98%	98%	98%
Average days to close a property damage liability claim	55.0	60.0	60.0	90.0	90.0
Average days to close a bodily injury liability claim	91.0	180.0	180.0	180.0	180.0

Efficiency/Cost-Effectiveness

Annual change in workers' compensation spending (percent)	7%	5%	5%	5%	5%
Bill review savings to total billed medical expenses (percent)	N/A	64%	65%	66%	68%

