

State of Illinois  
Office of the Lieutenant Governor

COMPLIANCE EXAMINATION

For The Two Years Ended June 30, 2013

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

Kyle E. McGinnis  
Certified Public Accountant  
200 East Pine  
Springfield, Illinois 62704

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013

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STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013

AGENCY OFFICIALS

Lieutenant Governor  
(07/01/11 - Present)

Ms. Sheila Simon

Chief of Staff  
(09/10/12 – Present)  
(07/01/11 – 09/09/12)

Ms. Kathryn Phillips  
Ms. D.K. Hirner

General Counsel  
(01/16/13 – Present)  
(07/01/11 – 01/16/13)

Ms. Leslie Reis  
Mr. Mark Schauerte

Lieutenant Governor's Offices are located at:

James R. Thompson Center  
100 West Randolph Street, Suite 15-200  
Chicago, Illinois 60601

214 State House  
Springfield, Illinois 62706

414 Stratton Building  
Springfield, Illinois 62706

2801 W. Murphysboro Road  
Carbondale, IL 62903



**SHEILA SIMON**

LIEUTENANT GOVERNOR  
STATE OF ILLINOIS

MANAGEMENT ASSERTION LETTER

Kyle E. McGinnis  
200 East Pine  
Springfield, Illinois 62704

January 15, 2014

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 Agency. 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 Agency's compliance with the following assertions during the two-year period ended June 30, 2013. Based on this evaluation, we assert that during the years ended June 30, 2013 and June 30, 2012, the Agency has materially complied with the assertions below.

- A. The agency 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 agency 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 agency 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 agency 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 agency on behalf of the State or held in trust by the agency have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Office of the Lieutenant Governor

Sheila Simon, Lieutenant Governor

IDOT  
District 9 Headquarters  
Carbondale, IL 62903  
Phone: (618) 529-6452  
Fax: (618) 529-6455

Kathryn Phillips, Chief of Staff

214 State House  
Springfield, IL 62706

JRTC, 15-200  
Chicago, IL 60601  
Phone: (312) 814-5240  
Fax: (312) 814-5228

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

**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.

**ACCOUNTANTS' REPORT**

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

**SUMMARY OF FINDINGS**

<u>Number of</u>	<u>Current</u>	<u>Prior</u>
Findings	2	2
Repeated findings	1	0
Prior recommendations implemented or not repeated	1	1

**SCHEDULE OF FINDINGS**

<u>Item</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)			
13-1	9	Inadequate Controls Over Voucher Processing	Significant Deficiency and Noncompliance
13-2	11	Untimely Filing of Reports	Significant Deficiency and Noncompliance
PRIOR FINDING NOT REPEATED (STATE COMPLIANCE)			
A	13	Inadequate Controls Over the Recording and Reporting of State Property	

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

**COMPLIANCE REPORT**

**SUMMARY**

**EXIT CONFERENCE**

The finding and recommendations appearing in this report were discussed with Agency personnel at an exit conference on December 20, 2013.

Attending were:

Kathryn Phillips, Agency Chief of Staff;  
Aimee Pine, Agency Chief Operating Officer;  
Elvin Lay, Office of the Auditor General Audit Manager;  
Kyle E. McGinnis, Kyle E. McGinnis, CPA Principal; and  
Shelley Bussen, Kyle E. McGinnis, CPA Audit Manager.

The responses to the recommendations were provided by Kathryn Phillips in correspondence dated December 20, 2013.

**KYLE E. McGINNIS**

Certified Public Accountant

**MEMBER OF:**

**AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS  
ILLINOIS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS**

**200 EAST PINE \* SPRINGFIELD, ILLINOIS 62704**

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**INDEPENDENT ACCOUNTANTS' REPORT ON STATE COMPLIANCE,  
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON  
SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable William G. Holland  
Auditor General  
State of Illinois

**Compliance**

As Special Assistant Auditors for the Auditor General, we have examined the Illinois Office of the Lieutenant Governor's compliance with the requirements listed below, as more fully described in the Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide) as adopted by the Auditor General, during the two years ended June 30, 2013. The management of the Illinois Office of the Lieutenant Governor is responsible for compliance with these requirements. Our responsibility is to express an opinion on the Illinois Office of the Lieutenant Governor's compliance based on our examination.

- A. The Illinois Office of the Lieutenant Governor 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 Illinois Office of the Lieutenant Governor 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 Illinois Office of the Lieutenant Governor 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 Illinois Office of the Lieutenant Governor 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 Illinois Office of the Lieutenant Governor on behalf of the State or held in trust by the Illinois Office of the Lieutenant Governor 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; and, accordingly, included examining, on a test basis, evidence about the Illinois Office of the Lieutenant Governor's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Illinois Office of the Lieutenant Governor's compliance with specified requirements.

In our opinion, the Illinois Office of the Lieutenant Governor complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2013. However, the results of our procedures disclosed instances of noncompliance, 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 2013-001 and 2013-002.

### **Internal Control**

Management of the Illinois Office of the Lieutenant Governor 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 Illinois Office of the Lieutenant Governor's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Illinois Office of the Lieutenant Governor's internal control over compliance.



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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2013-001 and 2013-002 that we considered 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 Illinois Office of Lieutenant Governor's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the Illinois Office of Lieutenant Governor's responses and, accordingly, we express no opinion on them.

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

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2013 and June 30, 2012 in Schedules 1 – 9 and the Analysis of Operations Section is presented for purposes of additional analysis. We have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013 and the June 30, 2012 accompanying supplementary information in Schedules 1 – 9. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2011 accompanying supplementary information in Schedules 2, 3, 4, 5 and 7 and in the Analysis of Operations Section, 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 agency management, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Kyle E. McGinnis". The signature is written in a cursive, flowing style.

Kyle E. McGinnis, CPA  
Springfield, Illinois

January 15, 2014

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

CURRENT FINDINGS (STATE COMPLIANCE)  
FOR THE TWO YEARS ENDED JUNE 30, 2013

**2013-001. FINDING:** Inadequate Controls Over Voucher Processing

The Office of the Lieutenant Governor (Agency) did not exercise adequate control over voucher processing.

We noted the following:

- Twenty four of 228 vouchers, (11%) totaling \$5,347, included invoices that were not date stamped. In addition, twenty of 228 vouchers, (9%) totaling \$11,495, were not properly date stamped for approval of payment by the Agency.
- Twenty five of 228 vouchers, (11%) totaling \$50,741, were not properly approved by an authorized signer.

The Illinois Administrative Code, Title 74, Section 900.30(b)(2) states that all State agencies must maintain written or electronic records reflecting the date or dates on which a proper bill was received by the State agency. The State Finance Act (30 ILCS 105/9.04) requires an authorized agent to certify that the vouchers submitted are true and correct.

Management of the Office of the Lieutenant Governor indicated that the above deficiencies were due to staff oversight. A majority of the deficiencies occurred in FY 2012 and the office made significant staff and policy changes including strengthening their internal controls regarding voucher processing at the start of FY 2013.

Failure to obtain invoice approval within 30 days increases the potential for non-payment of invoices in a timely manner and may require the payment of interest.

Failure to sign and date invoices when received increases the potential for non-payment or late payment, increases the potential for payment for goods and services not received and increases the potential for fraud and possible loss or theft of State funds. (Finding Code 2013-001; 11-2)

**RECOMMENDATION:** We recommend the Agency strengthen controls over voucher processing to ensure invoices are processed timely and properly approved.

**AGENCY RESPONSE:** The Office of the Lieutenant Governor agrees. The Agency has strengthened our internal controls regarding voucher processing by appointing a Chief Operating Officer and hiring a new Fiscal Officer who has implemented new vouchering processing procedures in which all vendor invoices will be processed within a 20 day time period. Furthermore, all front line employees were trained on how to properly manage all mail received by the Office of the Lieutenant Governor insuring that everything is date stamped upon delivery.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

CURRENT FINDINGS (STATE COMPLIANCE)  
FOR THE TWO YEARS ENDED JUNE 30, 2013

**2013-002. FINDING:** Untimely Filing of Reports

The Illinois Office of the Lieutenant Governor (Agency) did not file its fiscal year 2012 Fiscal Control and Internal Auditing Act (FCIAA).

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3003) requires each chief executive officer of each State agency to conduct an evaluation of its system of internal fiscal and administrative controls and file a certification regarding the evaluation with the Auditor General by May 1 of each year.

Management of the Office of the Lieutenant Governor indicated that the above deficiencies were due to staff oversight.

Timely evaluations of internal controls are necessary to determine whether existing controls are adequate to prevent or detect the occurrence of potential risks in a cost effective manner (Finding Code No. 2013-002).

**RECOMMENDATION:** We recommend the Agency ensure all reports are filed timely as required.

**AGENCY RESPONSE:** The Office of the Lieutenant Governor agrees. The FCIAA letter was not filed in Fiscal Year 2012 due to staff transition. The new Chief Operating Officer filed the Fiscal Year 2013 letter on time and operations staff have received appropriate training and direction to file this letter for Fiscal Year 2014.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

PRIOR FINDING NOT REPEATED (STATE COMPLIANCE)  
FOR THE TWO YEARS ENDED JUNE 30, 2013

**PRIOR FINDINGS NOT REPEATED – STATE**

A **FINDING:** Inadequate Controls Over the Recording and Reporting of State Property

The Office of the Lieutenant Governor (Agency) did not have adequate controls over its property and equipment.

In the current period, the Office filed all of the 8 required Quarterly State Property Reports and properly accounted for all state equipment on its property control schedule.  
(Finding Code No. 11-1)

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR  
COMPLIANCE EXAMINATION  
FOR THE TWO YEARS ENDED JUNE 30, 2013

**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
- Comparative Schedule of Net Appropriations, Expenditures and Lapsed Balances
- Schedule of Changes in State Property
- Comparative Schedule of Cash Receipts and Reconciliation
  - Schedule of Cash Receipts to Deposits Remitted to the State Comptroller
- Analysis of Significant Variations in Expenditures
- Analysis of Significant Variations in Receipts
- Analysis of Significant Lapse Period Spending

Analysis of Operations: (Not examined)

- Agency Functions and Planning Program (Not examined)
- Average Number of Employees (Not examined)
- Service Efforts and Accomplishments (Not examined)

The accountants' report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2013 and June 30, 2012 in Schedules 1 through 9. However, the accountants do not express an opinion on the supplementary information. The accountant's report also states that they have not applied procedures to the Analysis of Operations Section, and accordingly, they do not express an opinion or provide any assurance on it.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations for Fiscal Year 2013  
Fourteen Months Ended August 31, 2013

Public Act 97-0727	Appropriations (Net after Transfers)	Expenditures Through 6/30/13	Lapse Period Expenditures 7/01 - 8/31/13	Total Expenditures	Balances Lapsed
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Lump Sums - Operational Expenses	\$ 1,846,000	\$ 1,590,245	\$ 121,790	\$ 1,712,035	\$ 133,965
Subtotal	\$ 1,846,000	\$ 1,590,245	\$ 121,790	\$ 1,712,035	\$ 133,965
<u>AGRICULTURAL PREMIUM FUND - 045</u>					
Lump Sums - Ordinary and Contingent Expenses of the Rural Affairs Council	\$ 60,000	\$ 26,135	\$ -	\$ 26,135	\$ 33,865
Subtotal	\$ 60,000	\$ 26,135	\$ -	\$ 26,135	\$ 33,865
<u>LIEUTENANT GOVERNORS GRANT FUND - 924</u>					
Lump Sums - Exercise of the Powers or Performance of the Duties of the Office of the Lieutenant Governor	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Subtotal	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<b>\$ 1,956,000</b>	<b>\$ 1,616,380</b>	<b>\$ 121,790</b>	<b>\$ 1,738,170</b>	<b>\$ 217,830</b>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from State Comptroller records and have been reconciled to the Office's records.

Note 2: Expenditure amounts are vouchers approved for payment by the Office and submitted to the State Comptroller for payment to the vendor.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
Appropriations for Fiscal Year 2012  
Eighteen Months Ended December 31, 2012

Public Act 97-0057	Appropriations (Net after Transfers)	Expenditures Through 6/30/12	Lapse Period Expenditures 7/01 - 12/31/12	Total Expenditures	Balances Lapsed
<u>APPROPRIATED FUNDS</u>					
<u>GENERAL REVENUE FUND - 001</u>					
Lump Sums - Operational Expenses	\$ 2,001,300	\$ 1,774,985	\$ 48,215	\$ 1,823,200	\$ 178,100
Subtotal	<u>\$ 2,001,300</u>	<u>\$ 1,774,985</u>	<u>\$ 48,215</u>	<u>\$ 1,823,200</u>	<u>\$ 178,100</u>
<u>AGRICULTURAL PREMIUM FUND - 045</u>					
Lump Sums - Ordinary and Contingent Expenses of the Rural Affairs Council	\$ 100,000	\$ 23,083	\$ 13,615	\$ 36,698	\$ 63,302
Subtotal	<u>\$ 100,000</u>	<u>\$ 23,083</u>	<u>\$ 13,615</u>	<u>\$ 36,698</u>	<u>\$ 63,302</u>
<u>LIEUTENANT GOVERNORS GRANT FUND - 924</u>					
Lump Sums - Exercise of the Powers or Performance of the Duties of the Office of the Lieutenant Governor	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Subtotal	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,000</u>
<b>TOTAL - ALL APPROPRIATED FUNDS</b>	<u><u>\$ 2,151,300</u></u>	<u><u>\$ 1,798,068</u></u>	<u><u>\$ 61,830</u></u>	<u><u>\$ 1,859,898</u></u>	<u><u>\$ 291,402</u></u>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from State Comptroller records and have been reconciled to the Office's records.

Note 2: Expenditure amounts are vouchers approved for payment by the Office and submitted to the State Comptroller for payment to the vendor.



STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED  
BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30,

	Fiscal Year		
	2013 <u>P.A. 97-0727</u>	2012 <u>P.A. 97-0057</u>	2011 <u>P.A. 96-0956</u>
General Revenue Fund - 001			
Appropriations (Net After Transfers)	<u>\$1,846,000</u>	<u>\$2,001,300</u>	<u>\$1,362,900</u>
<u>Expenditures</u>			
Lump Sums - Operational Expenses	\$ 1,712,035	\$ 1,823,200	\$ 70,216
Lump Sums - Governor's Discretionary Appropriation	<u>-</u>	<u>-</u>	<u>675,979</u>
Total Expenditures	<u>\$ 1,712,035</u>	<u>\$ 1,823,200</u>	<u>\$ 746,195</u>
Lapsed Balances	<u>\$ 133,965</u>	<u>\$ 178,100</u>	<u>\$ 616,705</u>

Note 1: Fiscal year 2011 expenditures and lapsed balances do not reflect interest payments approved and submitted after August 2011.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED  
BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30,

	Fiscal Year		
	2013	2012	2011
	P.A. 97-0727	P.A. 97-0057	P.A. 96-0956
<u>AGRICULTURAL PREMIUM FUND - 045</u>			
Appropriations (Net After Transfers)	\$ 60,000	\$ 100,000	\$ -
<u>Expenditures</u>			
Ordinary and Contingent Expenses of the Rural Affairs Council	26,135	36,698	-
Total Expenditures	26,135	36,698	-
Lapsed Balances	<u>\$ 33,865</u>	<u>\$ 63,302</u>	<u>\$ -</u>
<u>LIEUTENANT GOVERNOR'S GRANT FUND - 924</u>			
Appropriations (Net After Transfers)	\$ 50,000	\$ 50,000	\$ -
<u>Expenditures</u>			
Exercise of the Powers or Performance of the Duties of the Office of the Lieutenant Governor	-	-	-
Total Expenditures	\$ -	\$ -	\$ -
Lapsed Balances	<u>\$ 50,000</u>	<u>\$ 50,000</u>	<u>\$ -</u>
<u>TOTAL - ALL APPROPRIATED FUNDS</u>			
Appropriations (Net of Transfers)	\$ 1,956,000	\$ 2,151,300	\$ 1,362,900
Total Expenditures	1,738,170	1,859,898	746,195
Lapsed Balances	<u>\$ 217,830</u>	<u>\$ 291,402</u>	<u>\$ 616,705</u>
<u>GRAND TOTAL, ALL FUNDS</u>			
Total Expenditures	<u>\$ 1,738,170</u>	<u>\$ 1,859,898</u>	<u>\$ 746,195</u>

Note 1: For Fiscal Year 2011, expenditures and related lapsed balances do not reflect any interest payments approved for payment by the Agency and submitted to the Comptroller for payment after August 2011.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES  
FOR THE FISCAL YEARS ENDED JUNE 30,

	Fiscal Year		
	2013	2012	2011
<u>General Revenue Fund - 001 State Comptroller</u>			
Appropriations (Net of Transfers)	\$ 135,700	\$ 135,700	\$ 135,700
Lieutenant Governor's Salary	135,669	135,669	62,107
Total Expenditures	135,669	135,669	62,107
Lapsed Balances	\$ 31	\$ 31	\$ 73,593

Lieutenant Governor Simon voluntarily returns a portion of her salary to the General Revenue Fund. She returned \$3,144 to GRF in Fiscal Year 2013.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

SCHEDULE OF CHANGES IN STATE PROPERTY  
FOR THE TWO YEARS ENDED JUNE 30, 2013

	<u>State Property</u>
Balance at July 1, 2011	\$ 142,406
Additions	49,256
Deletions	(30,840)
Net Transfers	11,968
Adjustments	<u>-</u>
Balance at June 30, 2012	<u>\$ 172,790</u>
Balance at July 1, 2012	\$ 172,790
Additions	1,742
Deletions	(959)
Net Transfers	(1,436)
Adjustments	<u>-</u>
Balance at June 30, 2013	<u>\$ 172,137</u>

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

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

COMPARATIVE SCHEDULE OF CASH RECEIPTS  
FOR THE FISCAL YEARS ENDED JUNE 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Equipment Reimbursement	\$ 100	\$ -	\$ -
Travel Reimbursement	86	-	-
Miscellaneous	3,145	2,830	-
Telephone Reimbursement	2	1	-
Prior Year Refunds	<u>0</u>	<u>495</u>	<u>1,664</u>
Total Receipts	<u>\$ 3,333</u>	<u>\$ 3,326</u>	<u>\$ 1,664</u>

RECONCILIATION SCHEDULE OF CASH RECEIPTS TO DEPOSITS  
REMITTED TO THE STATE COMPTROLLER  
FOR THE FISCAL YEARS ENDED JUNE 30,

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash Receipts per Office records	\$ 3,333	\$ 3,326	\$ 748
Deposits in transit:			
Beginning of year	-	-	916
End of year	<u>-</u>	<u>-</u>	<u>-</u>
Deposits Remitted to Comptroller	<u>\$ 3,333</u>	<u>\$ 3,326</u>	<u>\$ 1,664</u>

Note: Receipts are deposited into the General Revenue Fund, except for contributions made to the Lieutenant Governor's Federal Project Fund and the Lieutenant Governor's Grant Fund. Prior year refunds are deposited into the fund from which the expenditures were made.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNORANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES  
FOR THE TWO YEARS ENDED JUNE 30, 2013

Significant variations in expenditures (\$10,000 and 20%) for the fiscal years ended June 30, 2013 and June 30, 2012 were as follows:

FISCAL YEAR 2013Agricultural Premium Fund - 045

The Agricultural Premium Fund lump sums expenditures decreased \$10,563 (40%) in fiscal year 2013. The Agency requested a \$40,000 reduction in this fund's appropriation for fiscal year 2013 which resulted in less expenditures.

FISCAL YEAR 2012General Revenue Fund - 001

The General Revenue Fund expenditures increased \$1,077,005 (59%) in fiscal year 2012. This increase was due to the vacancy of the Lieutenant Governors position for the first 6 months of fiscal year 2011 as compared to a full fiscal year of spending in fiscal year 2012.

STATE OF ILLINOIS  
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ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING  
FOR THE TWO YEARS ENDED JUNE 30, 2013

FISCAL YEAR 2013

There was no significant lapse period spending for the fiscal year ended June 30, 2013.

FISCAL YEAR 2012

Agricultural Premium Fund - 045

During fiscal year 2012 the Agency paid expenditures of \$13,615 or 37% in the lapse period. Copy paper and computer paper for several offices were purchased toward the end of the fiscal year and the invoice was received and paid in the lapse period.

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ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS  
FOR THE TWO YEARS ENDED JUNE 30, 2013

There were no significant variations in receipts for the two years ended June 30, 2013.



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ANALYSIS OF OPERATIONS  
FOR THE TWO YEARS ENDED JUNE 30, 2013

AGENCY FUNCTIONS AND PLANNING PROGRAM

FUNCTIONS

The Office of the Lieutenant Governor is an elected position for a 4-year term (10 ILCS 5/2A-5). Sheila Simon was elected Lieutenant Governor and was sworn into office January 10, 2011.

Under the Illinois Constitution, the Lieutenant Governor holds the second highest executive office in Illinois and the first to succeed the Governor if he is unable to discharge the duties of his office. The Illinois Constitution provides the Lieutenant Governor certain powers in the Executive Branch, which are either delegated by the Governor or prescribed by law.

The Lieutenant Governor's daily duties are derived from the Governor, General Assembly, statute and personal initiatives. The Lieutenant Governor's duties include serving as chair of the Governor's Rural Affairs Council, the Interagency Military Base Support and Economic Development Committee, and the Illinois River, Mississippi River, and Wabash and Ohio Rivers Coordinating Councils.

The Lieutenant Governor represents the Governor on education reform, standing up for Illinois children and promoting quality education for pre-K to 20. Lieutenant Governor Simon is working to increase college completion rates and chairs the Joint Educational Leadership Committee for the P-20 Council. She also serves as ambassador to Illinois Main Street, a downtown revitalization program. The Lieutenant Governor has a long standing commitment to addressing and preventing violence, particularly against women and children.

Program functions undertaken at the direction of the Governor or initiated by the Lieutenant Governor are:

- Developing markets for local foods, improving emergency service in rural areas, and monitoring other emerging rural issues,
- Improving the economic vitality and quality of life in rural communities by reviving the Rural Affairs Council,
- Reviewing state and federal programs that impact the watersheds and working with local communities to raise awareness and address watershed issues,
- Coordinating the efforts of governmental and private agencies in improving the Illinois River watershed,
- Working with volunteer legal experts to prepare new government ethics legislation to fight against the corruption and skepticism that undermines the public trust in government,
- Working with the State's Complete College America team, to increase the proportion of working-age adults with college degrees or certificates to 60% by 2025,
- Working with volunteer legal experts to make sure domestic violence laws reach all victims, cover all forms of abuse and harassment, and reflect new technologies.

STATE OF ILLINOIS  
OFFICE OF THE LIEUTENANT GOVERNOR

ANALYSIS OF OPERATIONS  
FOR THE TWO YEARS ENDED JUNE 30, 2013

AGENCY FUNCTIONS AND PLANNING PROGRAM

FUNCTIONS

The Office of Lieutenant Governor is an elected position for a four-year term (10 ILCS 5/2A-5). Sheila Simon was elected Lieutenant Governor and was sworn into office January 10, 2011.

The Lieutenant Governor is the second highest executive office in Illinois and first in line for the governorship. Under the Illinois Constitution, the Lieutenant Governor becomes the Acting Governor if the Governor is unable to discharge the duties of the office. Over the course of Illinois history, seven Lieutenant Governors have replaced Governors who died, resigned or were removed from office.

In addition to being prepared to lead the State, the Lieutenant Governor exercises the powers delegated to her by the Governor and that may be prescribed by law. This includes acting as the State's top advocate for rural communities, military families, and river conservation through her leadership of the Governor's Rural Affairs Council, the Interagency Military Base Support and Economic Development Committee and the Illinois River, Mississippi River, and Wabash and Ohio Rivers Coordinating Councils.

Lieutenant Governor Simon also is committed to education reform as chair of the Joint Educational Leadership Committee for the P-20 Council, serves as the ambassador to Illinois Main Street, a downtown revitalization program and is a Budgeting for Results commissioner, among other appointed roles.

PLANNING PROGRAM

The Lieutenant Governor's office primary objective is to support government services, according to the State's Budgeting For Results Commission. The office applies that objective to its required duties and roles as highlighted below.

**Chair, Governor's Rural Affairs Council**

- Improve rural resources: Expand virtual legal clinics to underserved areas; raise funds for rural domestic violence and rape crisis shelters; recruit and train farmer's markets for food stamp acceptance; support local food expansion.
- Advocate for rural health: Sponsor the State's only Emergency Medical Services (EMS) Summit to identify challenges and solutions faced by rural health responders; support legislation to improve EMS care provided to rural patients; promote health research registry and annual check-ups for rural women.

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ANALYSIS OF OPERATIONS  
FOR THE TWO YEARS ENDED JUNE 30, 2013

AGENCY FUNCTIONS AND PLANNING PROGRAM (Continued)

- Strengthen rural education: Launch State's 6<sup>th</sup>-12<sup>th</sup> grade math curriculum; expand criteria for school consolidation; sponsor higher education conference; publish superintendent survey, Game Changers reform report and Complete College Playbook; lobby for transparency and remediation reforms; advocate for funding reforms.

**Chair, Interagency Military Base Support and Economic Development Committee**

- Support defense communities: Conduct listening posts and online survey in communities with military installations; prepare statewide economic impact study of active military bases; coordinate communication among agencies working to retain and recruit military and civilian jobs in Illinois.

**Chair, River Coordinating Councils**

- Promote river conservation: Coordinate agency communications on the ecological health of the Illinois, Ohio, Mississippi and Wabash rivers; release new Integrated Management Plan for the Illinois River Watershed; conduct research on Asian Carp elimination and mining impacts on adjacent waterways.

STATE OF ILLINOIS  
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ANALYSIS OF OPERATIONS  
FOR THE TWO YEARS ENDED JUNE 30, 2013

AVERAGE NUMBER OF EMPLOYEES

The following table, prepared from Lieutenant Governor's records, presents the average number of employees by program, for the fiscal years ended June 30,

	Fiscal Year		
	2013	2012	2011
Rural Affairs Council	6	6	3
River Coordinating Council	6	6	3
Military Committee	6	6	3
General Office	6	9	5
Total	<u>24</u>	<u>27</u>	<u>14</u>

\*Note: The above schedule contains annual averages. There were no employees of the Office for the period beginning August 7, 2010 and ending January 10, 2011.

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED)

**Advocated for Rural Communities**

As chair of the Governor's Rural Affairs Council (GRAC), Lieutenant Governor Simon leads a group of government agencies, academic institutions and rural advocacy groups dedicated to improving the economy, environment and health of rural communities. Since its founding in 1986 by Governor's executive order, the council has provided a link between state and local agencies to support innovative rural development initiatives and public policies. Under Simon's guidance, the council added citizen members and formal representation from the Illinois Farm Bureau for the first time.

In Spring 2012, Lieutenant Governor Simon conducted Rural Listening Posts in Carbondale, Freeport, Gibson City, Mattoon, Peoria and Quincy. More than half of participants predicted their quality of life would improve in the next five years, but they identified job creation, education funding and access to quality health care as areas of concern. The input informed the GRAC's new strategic plan, a Vision for Rural Illinois, in addition to Simon's advocacy for college and career readiness and voluntary school district consolidation. The council continues to partner with academic researchers to track the transfer of wealth and other rural trends in order to provide a solid foundation for meaningful policy and legislative reforms.

Through GRAC, Simon is working to improve access to local food sources, increasing nutrition and economic development potential for rural Illinoisans. Her office has sponsored training for farmers' market vendors and promoted the expansion of food stamp spending at markets and fresh food stands.

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ANALYSIS OF OPERATIONS  
FOR THE TWO YEARS ENDED JUNE 30, 2013

SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED) (Continued)

Simon successfully supported legislation that designates the first Saturday of each month as a “buy local” day, allows small family farms to more readily participate in food entrepreneurship, and permits homemade baked goods to be sold at farmers markets and other community events. She also supported legislation creating the Farmers’ Market Task Force, which is conducting a comprehensive review of the laws and administrative rules regulating farmers’ markets.

Rural providers of Emergency Medical Services have an ally in the Lieutenant Governor, thanks to the GRAC’s EMS subcommittee. Simon has sponsored a statewide summit for providers, testified before a House EMS Task Force in support of training reforms, and provided staff support to more than 17 EMS hearings across the State. Simon favors a new balance of in-person and online training for EMS recertification, to keep patients safe but control costs for volunteer-run organizations. She has also advocated for legislation to better aligns State EMS licensing classifications and definitions with national standards.

**Represented Military Families and Bases**

Lieutenant Governor Simon chairs the Interagency Military Base Support and Economic Development Committee as required by law. The committee acts as the central information clearinghouse for all retention, realignment and reuse activities, serving as a liaison between the State, community organizations, Illinois’ congressional delegation and the public. The committee was established in 2005 in response to nationwide base closures. Simon is collaborating with public and private partners to conduct a statewide economic impact study of the bases and defense industry in Illinois.

Simon also established an Illinois presence on the U.S. House Defense Communities Caucus, and has called for the federal government to maximize financial assistance for public schools in the North Chicago region that serve military families at Naval Station Great Lakes. Successful state legislation to give veterans credit for prior experience and to study the needs of women veterans received Simon’s support in the 98<sup>th</sup> General Assembly.

**Protected Illinois Rivers**

The rivers and streams of Illinois have long been instrumental in shaping the culture, communities and commerce of the State. Chaired by Lieutenant Governor Simon, the Illinois, Mississippi and Wabash & Ohio River Coordinating Councils unite citizens, river enthusiasts, and state and federal agencies in coordinating policy and initiatives for the preservation and restoration of our watersheds. Included with these statutory responsibilities are inter-related issues of economics, flooding, recreation and tourism. To ensure the councils promote achievable and effective projects, Simon re-established the Science Advisory Committee to provide expert advice on conservation issues. She also is updating the Integrated Management Plan for the Illinois River Watershed, adopted in 1997, which is used by the Illinois River Coordinating Council and the U.S. Army Corps of Engineers as a guiding document for river restoration.

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SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED) (Continued)

In her position as river councils' chair, Lieutenant Governor Simon monitors and influences State responses to flood, drought and economic development along Illinois rivers. She ensured the State followed transparency requirements during contentious debate over mining near Starved Rock State Park and lobbied on behalf of river commerce when drought threatened barge traffic on the lower Mississippi.

When flood waters threatened several communities in her native Southern Illinois in early 2011, she urged the Army Corps of Engineers to breach a levee to save homes and businesses in Cairo, where she assisted local officials in sandbagging.

**Inspired Better Government**

Lieutenant Governor Simon is leading by example when it comes to open and honest leadership. She releases annual financial profiles of herself and her senior staff members that go above and beyond what is required by law. The disclosures empower the public to determine if officials are serving taxpayers' interests, or if they harbor any conflicts of interest. To combat the State's pay-to-play culture, Simon's first executive order set a new standard for government ethics. She prohibited her campaign fund from accepting contributions from employees of Illinois executive branch constitutional offices and issued a "no free lunch" order that prohibits her staff from accepting free meals from lobbyists.

Under the Illinois Governmental Ethics Act, constitutional officers, elected officials and certain high-ranking public employees are required to file an annual Statement of Economic Interests. Although the forms aim to expose existing or potential conflicts of interest, the documents use such vague and cumbersome language that the Illinois Campaign for Political Reform has labeled them "woefully inadequate." Simon is leading the charge to pinpoint the problems and to introduce new language that will improve accountability and require more specific disclosures of economic interests. Her coalition includes representatives from good government groups, state and county agencies and volunteer legal counsel from The John Marshall Law School, along with reformers in the General Assembly. Legislation, crafted in part by Simon, that overhauls the disclosure questions passed the Senate in 2013.

Simon is calling for more transparency on how income tax dollars are spent. She wants taxpayers who file online to receive an itemized receipt that illustrates where their money goes and how it fits into the State's multi-billion budget. Simon's office is working with the Department of Revenue and the Governor's Office of Management and Budget to design a taxpayer receipt, which will be available to the roughly 500,000 residents who file online for free, and a webpage will be available to those who file by other means.

**Helped Domestic Violence Survivors**

Illinois' domestic violence laws provide greater protections to a wider range of victims than do the laws of many other states; however, there is more work to be done.

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ANALYSIS OF OPERATIONS  
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SERVICE EFFORTS AND ACCOMPLISHMENTS (NOT EXAMINED) (Continued)

Lieutenant Governor Simon is working with volunteer legal experts to make sure our laws reach all victims and reflect new technologies. She launched a virtual legal clinic with pro bono attorneys for survivors and participates in events to raise awareness of domestic violence issues. Each year in recognition of Domestic Violence Awareness Month, Simon partners with the Department of Central Management Services to exchange no-longer-used State cell phones for monetary and phone donations to domestic violence prevention agencies in underserved areas.

**Reformed Education**

Unlike other states, Illinois does not have a single official or cabinet position that oversees preschool through higher education efforts. Governor Quinn has designated Lieutenant Governor Simon to fill this role as his point person on education reform. In this capacity, Simon serves as chair of the Joint Education Leadership Committee on the P-20 Council, which is working to increase the percentage of working-age adults in Illinois with college degrees or certificates to 60 percent by 2025, and to prepare the State workforce for the highly skilled jobs of the future. In her first two years in office, Simon met with leaders, faculty and students at each of Illinois' 48 community colleges and 12 public universities, and recommended the State adopt reforms to reduce the time it takes to earn a degree, decrease student debt and increase college transparency. After identifying math as the greatest academic barrier to college completion, Simon worked with stakeholders to launch the State's first math curriculum models for 6<sup>th</sup> through 12<sup>th</sup> grade.

Simon also served as chair of the Classrooms First Commission, a bipartisan, blue-ribbon committee created by statute and comprised of a broad base of education stakeholders. The commission solicited input from the public and education experts on ways school districts can reduce duplicative administrative spending and improve educational offerings, and provided recommendations on district efficiency and effectiveness to the Governor and General Assembly in 2012. Resulting legislation that makes it easier for school districts to voluntarily consolidate passed the 98<sup>th</sup> General Assembly.