State of Illinois
OFFICE OF THE GOVERNOR

COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

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

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

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Average Number of Employees (Not Examined)		45

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

OFFICE OFFICIALS

Governor	Honorable Bruce Rauner (1/12/2015 to Present) Honorable Pat Quinn (Through 1/11/2015)
Chief of Staff	Mr. Michael Zolnierowicz (1/12/2015 to Present) Mr. Ryan Croke (10/16/2013 to 1/11/2015) Mr. Jack Lavin (Through 10/15/2013)
Deputy Governor	Mr. Trey Childress (1/12/2015 to Present) Ms. Cristal Thomas (Through 1/11/2015)
Chief Operating Officer	Ms. Linda Lingle (6/16/2015 to Present) Vacant (10/15/2013 to 6/15/2015) Ms. Simone McNeil (Through 10/14/2013)
General Counsel	Mr. Jason Barclay (1/12/2015 to Present) Mr. John Schomberg (Through 1/11/2015)
Fiscal Director *	Ms. Mary Fanning (Through 1/11/2015)
Director of Office Operations	Ms. Brittany Ladd (1/12/2015 to 3/11/2016)
Director of Fiscal Operations	Ms. Jessica Molloy (3/16/2016 to Present)

Agency offices are located at:

801 South 7th Street
Springfield, IL 62706

207 State House
Springfield, IL 62706

222 South College
Springfield, IL 62706

Executive Mansion, 5th and Jackson
Springfield, IL 62701

100 West Randolph
JRTC 16-100
Chicago, IL 60601

444 N. Capitol Street, Suite 400
Washington, DC 20001

* The job description of this position was performed by the Director of Office Operations under the new administration effective 1/12/2015 through 3/11/2016. The Fiscal Director position was replaced with the Director of Fiscal Operations effective 3/16/2016.

OFFICE OF THE GOVERNOR

JRTC, 100 W. RANDOLPH, SUITE 16-100
CHICAGO, ILLINOIS 60601

BRUCE RAUNER
GOVERNOR

June 7, 2016

E.C. Ortiz & Co., LLP
Certified Public Accountants
333 S. Desplaines Street, Suite 2-N
Chicago, Illinois 60661

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 State of Illinois, Office of the Governor. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the State of Illinois, Office of the Governor's compliance with the following assertions during the two-year period ended June 30, 2015. Based on this evaluation, we assert that during the years ended June 30, 2014 and June 30, 2015, the State of Illinois, Office of the Governor has materially complied with the assertions below.

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

Yours very truly,

State of Illinois, Office of the Governor

Michael Zolnierowicz, Chief of Staff

Jessica Molloy, Director of Fiscal Operations

Jason Barclay, General Counsel

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT'S REPORT

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

SUMMARY OF FINDINGS

Number of	Current Report	Prior Report
Findings	5	4
Repeated findings	4	4
Prior recommendations implemented or not repeated	0	0

SCHEDULE OF FINDINGS

Item No.	Page	Description	Finding Type
		FINDINGS (STATE COMPLIANCE)	
2015-001	10	Inadequate controls over State property	Noncompliance and significant deficiency
2015-002	14	Appointments of members to boards, commissions, councils, and committees	Noncompliance and significant deficiency
2015-003	19	Non-compliance with statutorily mandated responsibilities	Noncompliance and significant deficiency
2015-004	24	Inadequate monitoring of interagency agreements	Noncompliance and significant deficiency

Item No.	Page	Description	Finding Type
2015-005	27	Inadequate maintenance of records	Noncompliance and significant deficiency

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Office personnel at an exit conference on May 25, 2016. Attending were:

OFFICE OF THE GOVERNOR

Georgia Man	Chief Compliance Officer and Associate General Counsel
Jessica Molloy	Director of Fiscal Operations
Jalene Ellis	Director of Human Resources and Office Operations
Jared Dubnow	Director of Operations

OFFICE OF THE AUDITOR GENERAL

Meredith Dean	Audit Manager

E. C. ORTIZ & CO., LLP

Marites Sy	Partner
Rosemarie Sison	Manager
Charlou Rodriguez	Senior

The responses to the recommendations were provided by Georgia Man in a letter dated June 7, 2016.

E.C. ORTIZ & CO., LLP
CERTIFIED PUBLIC ACCOUNTANTS

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, Office of the 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, 2015. The management of the State of Illinois, Office of the Governor is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Office of the Governor's compliance based on our examination.

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

333 SOUTH DES PLAINES STREET, SUITE 2-N CHICAGO, IL 60661 tel: 312.876.1900 fax: 312.876.1911

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 State of Illinois, Office of the 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 State of Illinois, Office of the Governor's compliance with specified requirements.

In our opinion, the State of Illinois, Office of the 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, 2015. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings as items 2015-001, 2015-002, 2015-003, 2015-004 and 2015-005.

Internal Control

Management of the State of Illinois, Office of the 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 State of Illinois, Office of the 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 the State of Illinois, Office of the Governor internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Office of the Governor internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as items 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005, that we consider 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 State of Illinois, Office of the Governor's responses to the findings identified in our examination are described in the accompanying schedule of findings. We did not examine the State of Illinois, Office of the Governor's responses and, accordingly, we express no opinion on the responses.

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, 2015 and June 30, 2014 in Schedules 1 through 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, 2015 and June 30, 2014 accompanying supplementary information in Schedules 1 through 9. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2013 accompanying supplementary information in Schedules 3, 4, 5, 6, 7, and 8 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, and agency management and is not intended to be and should not be used by anyone other than these specified parties.

E. C. Ortiz & Co., LLP

Chicago, Illinois
June 7, 2016

CURRENT FINDINGS - State Compliance

2015-001. **FINDING** (Inadequate controls over State property)

The Office of the Governor (Office) did not maintain adequate controls over the recording and reporting of State property.

During our testing, we noted the following:

- The Office did not comply with the Agency Report of State Property (C-15 Form) reporting requirements as follows:

    - The C-15 Forms for the quarters ended March 31, 2015 and June 30, 2015 were not filed timely. The C-15 Forms were filed 123 and 31 days late, respectively.

    - The beginning balances of Equipment and Capital Lease Asset-Equipment were not reported correctly on the September 30, 2013 C-15 Form. The September 30, 2013 C-15 Form reported a total beginning balance for these asset categories of $1,337,417, while the same asset categories had ending balances totaling $1,344,082 on the June 30, 2013 C-15 Form.

    - The C-15 Form for the quarter ended June 30, 2015 reflected unsupported deletions totaling $731,418. This amount apparently represented State property at Office locations other than the Executive Mansion, with the intent to file a separate C-15 Form to include these items. The Office ultimately did not file a separate C-15 Form. Therefore, the State property at Office locations other than the Executive Mansion was not reported to the Office of the Comptroller as required.

    - The C-15 Form for the quarter ended June 30, 2015 reported total assets of $8,098,327, while the Central Inventory System (CIS) reports total assets of $13,115,578, which is a variance of $5,017,251. The variance between the C-15 Form and CIS totals was mainly due to increases in the value of the Governor's Mansion that were not previously reported on the C-15 Forms. The Office was unable to provide documentation to support the increases.

    - A mailing machine with a fair value of $9,200 was not recorded and reported as capital lease equipment in the detailed property listing and C-15 Form.

- The Office did not ensure physical locations of property and equipment were accurate based on its property listing. During our physical inspection of properties, we noted the following:

    - Ten of 60 (17%) equipment items tested, totaling $3,443, consisting of tables, chairs, digital camera, speaker, and stand telephone, from the Office's property listing could not be physically located.

    - Eight of 60 (13%) equipment items physically inspected, consisting of a desk, table, filing cabinet, fax machine, refrigerator, chair and piano, could not be traced to the property listing.

    - Eleven of 60 (18%) equipment items tested, totaling $49,338, consisting of desktops, system panel, polycom, typewriter, and drawer, were physically found in locations different from the location indicated in the property listing.

    - Three of 60 (5%) equipment items tested, totaling $1,374, consisting of a television, air filter machine, and desktop, were obsolete and considered transferrable properties.

    - Two of 60 (3%) equipment items tested, totaling $1,277, consisting of a printer and food processor, were transferred to the Department of Central Management Services as surplus; however, the assets were not deleted in the property listing.

- The Office's Inventory Certification Discrepancy Reports reported 18 missing computer equipment items (17 in Fiscal Year 2014 and 1 in Fiscal Year 2015) consisting of 3 laptops, 14 desktops and 1 hard drive, totaling $13,960. The Office could not provide documentation whether the equipment items were wiped of any sensitive information that may have been stored on the assets. The three laptops and seven of the 14 desktops were subsequently found.

- The Fiscal Year 2015 Annual Certification of Inventory was not submitted timely with the Department of Central Management Services. The certification was submitted 225 days late.

- The Office did not have supporting documentation for a printer/scanner/copier machine purchased in Fiscal Year 2014 for $2,335.

- The Office did not have supporting documentation for seven of nine (78%) surplus items, totaling $4,070, transferred to the Department of Central Management Services in Fiscal Year 2014.

The Statewide Accounting Management System (SAMS) (Procedure 29.20.10) states the C-15 Form is to be filed on a quarterly basis and should be submitted to the Office of the Comptroller no later than the last day of the month following the last day of the quarter.

The State Property Control Act (30 ILCS 605/4) requires the Office to be accountable for the supervision, control and inventory of all property under its jurisdiction and control. In addition, the Office had the responsibility to ensure that confidential information is protected and the provisions in the Personal Information Protection Act (815 ILCS 530) are followed.

The Illinois Administrative Code (44 Ill. Adm. Code 5010.460) requires agencies to make an annual physical inventory of State equipment in their possession. When an agency completes its inventory, the agency head or his designee shall complete and sign the certification of inventory and discrepancy report and forward the completed certificate, with a complete inventory listing to the Property Control Division.

The State Records Act (5 ILCS 160/8) requires each agency to preserve 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.

According to Office personnel, the untimely filing of C-15 Forms was due to lack of information needed to properly file the report. The Office intended to prepare and submit two separate C-15 Forms, one to include State property located at the Mansion and one to include State property located at the other Office locations. However, the Office ultimately did not file separate C-15 Forms, instead, only one C-15 Form was filed that included State property located at the Mansion. Additional discrepancies noted on the C-15 Form were due to mathematical errors and oversight. The issues identified during physical inspection occurred during the transition to the current administration where property was transferred and moved without proper documentation. The Office did not timely file the Fiscal Year 2015 Annual Certification of Inventory because the new administration was unaware of the filing deadline. Lastly, the Office is unable to provide information on the other errors in the C-15 Forms, missing computer equipments, asset purchased and surplus assets because these activities relate to the prior administration.

Inadequate control over State property may result in inaccurate Statewide property information and increases the risk of equipment theft or loss occurring without detection. Failure to follow up on missing computer equipment increases the risks associated with the potential exposure of confidential and sensitive information. Further, failure to maintain adequate records and proper documentation for equipment purchased does not allow for a determination as to whether the equipment is recorded properly. (Finding Code No. 2015-001, 2013-001, 11-1)

RECOMMENDATION

We recommend the Office:

- Properly review and monitor the submission of the C-15 Forms to the State Comptroller's Office to ensure compliance with the requirements of the Statewide Accounting Management System.

- File revised C-15 Forms with the Comptroller's Office to reflect corrected balances.

- Evaluate the procedures and strengthen the controls over property and equipment to ensure proper safekeeping and accurate recordkeeping of all State assets.

- Perform an assessment whether missing computers contained confidential information and follow proper procedures for disposition of missing computers in compliance with the Personal Information Protection Act.

- Keep adequate records and proper documentation of the Office activities.

OFFICE RESPONSE

The Office agrees with the recommendation to ensure proper review, monitoring, and documentation of reports, procedures, and record-keeping related to State property. As noted in the finding, the Office was unable to provide certain information on errors in the C-15 Forms, missing computer equipment, and surplus and purchased assets because such errors and activities occurred under the prior administration or during the transition between administrations. The Office continues to work to ensure that all required reports are filed properly and that the proper internal controls are in place to safeguard taxpayer property.

2015-002. **FINDING** (Appointments of members to boards, commissions, councils, and committees)

The Office of the Governor (Office) did not make the required appointments to various boards, commissions, councils, and committees to fill vacancies.

During our testing, 19 of 67 (28%) boards, commissions, councils, and committees tested did not have the required number of members. These were the following:

- Illinois Advisory Council on Alcoholism and Other Drug Abuse – 1 vacancy

  The Alcoholism and Other Drug Abuse and Dependency Act (20 ILCS 301/10-15) requires the Governor to appoint 13 members to the Illinois Advisory Council on Alcoholism and Other Drug Dependency.

- Eastern Illinois Economic Development Authority – 1 vacancy

  The Eastern Illinois Economic Development Authority Act (70 ILCS 506/15(b)(2)) requires the Governor to appoint 3 members to the Eastern Illinois Economic Development Authority.

- Regulations and Site Remediation Advisory Committee – 4 vacancies

  The Environmental Protection Act (415 ILCS 5/58.11(a)) requires the Governor to appoint 10 members to the Regulations and Site Remediation Advisory Committee.

- Epilepsy Advisory Committee – 2 vacancies

  The Epilepsy Disease Assistance Act (410 ILCS 413/15) requires the Governor to appoint 13 members to the Epilepsy Advisory Committee.

- Illinois Student Assistance Commission – 2 vacancies

  The Higher Education Student Assistance Act (110 ILCS 947/15(a)) requires the Governor to appoint 10 members to the Illinois Student Assistance Commission.

- Illinois DREAM Fund Commission – 1 vacancy

  The Higher Education Student Assistance Act (110 ILCS 947/67(a)) requires the Governor to appoint 9 members to the Illinois DREAM Fund Commission.

- Illinois Plain Language Task Force – 2 vacancies

  The Illinois Plain Language Task Force Act (20 ILCS 4090/15(a)) requires the Governor to appoint 3 members to the Illinois Plain Language Task Force.

- Racial Profiling Prevention and Data Oversight Board – 2 vacancies; however, subsequent to June 30, 2015, 2 new members were appointed to fill the vacant positions.

  The Racial Profiling Prevention and Data Oversight Act (20 ILCS 2715/15(b)) requires the Governor to appoint 8 members to the Racial Profiling Prevention and Data Oversight Board.

- Advisory Council on the Education of Children with Disabilities – 5 vacancies. However, subsequent to June 30, 2015, 2 members were appointed to fill the vacant positions. In addition, 5 of 18 (28%) filled positions were held by individuals whose service terms exceeded the 2 full consecutive 4-year term limit. .

  The School Code (105 ILCS 5/14-3.01) requires the Governor to appoint 23 members to the Advisory Council on the Education of Children with Disabilities. Members shall not serve for more than 2 full consecutive 4-year terms.

- Department of Corrections Advisory Board – 1 vacancy

  The Unified Code of Corrections (730 ILCS 5/3-2-6(a)) requires the Governor to appoint 11 members to the Department of Corrections Advisory Board.

- Weatherization Initiative Board – 1 vacancy

  The Urban Weatherization Initiative Act (30 ILCS 738/40-40(b)) requires the Governor to appoint 5 voting members to the Weatherization Initiative Board.

- Statutory Court Fee Task Force – 2 vacancies; however, subsequent to June 30, 2015, 2 members were appointed to fill the vacant positions.

  The Access to Justice Act (705 ILCS 95/25(b)) requires the Governor to appoint 2 members to the Statutory Court Fee Task Force.

- Illinois Joining Forces Foundation – 1 vacancy; however, subsequent to June 30, 2015, a member was appointed to fill the vacant position.

  The Department of Veterans Affairs Act (20 ILCS 2805/37(d)) requires the Governor to appoint 1 board member of the Illinois Joining Forces Foundation.

- Illinois Holocaust and Genocide Commission – 3 vacancies; however, subsequent to June 30, 2015, 2 members were appointed to fill the vacant positions. Additionally, 1 of the 18 (6%) appointed members had an expired term.

  The Illinois Holocaust and Genocide Commission Act (20 ILCS 5010/10(a)(1)) requires the Governor to appoint 19 members, one of which shall be a student, to the Illinois Holocaust and Genocide Commission. In addition, the Illinois Holocaust and Genocide Commission Act (20 ILCS 5010/30 (a)) states that a public member of the Commission serves a term of 4 years, except that the terms of the initial members shall expire on February 1, 2015.

- Illinois Board of Examiners – 4 vacancies; however, subsequent to June 30, 2015, 2 members were appointed to fill the vacant positions.

  The Illinois Public Accounting Act (225 ILCS 450/2) requires the Governor to appoint 11 members to the Illinois Board of Examiners.

- Board of Savings Banks – 1 vacancy. Additionally, 3 of the 6 appointed members represent the public interest instead of 2 as required by the statute.

  The Savings Bank Act (205 ILCS 205/12201) requires the Governor to appoint 7 members to the Board of Savings Banks. Two of the 7 appointed by the Governor shall represent the public interest and the remainder shall have been engaged actively in savings bank or savings and loan management in this State for at least 5 years immediately prior to appointment.

- Economic Data Task Force – 1 vacancy

  The Unemployment Insurance Act (820 ILCS 405/1900.2(b)) requires the Governor to appoint 1 member to the Economic Data Task Force.

- Real Estate Education Advisory Council – 1 vacancy

  The Real Estate License Act of 2000 (225 ILCS 454/30-10) requires the Governor to appoint 5 members to the Real Estate Education Advisory Council.

- Physician Assistant Advisory Committee – 2 vacancies and 3 members with expired terms

  The Physician Assistant Practice Act of 1987 (225 ILCS 95/11) requires the Governor to appoint 4 members and approve 1 member to the Physician Assistant Advisory Committee. No member shall serve more than 2 consecutive terms.

According to Office personnel, there are challenges inherent in making appointments to several boards, committees, and councils with vacancies. In some cases, the contact persons of these boards, committees, councils, and commissions did not inform the Office of the vacancies. The new administration reviewed the various boards, committees, councils, and commissions and prioritized appointments based on need.

Failure to appoint members to boards, commissions, councils, and committees may prevent the board, committee, council, or commissions from carrying out their mandated duties. Members should be appointed in a timely manner to properly perform their function as intended. (Finding Code No. 2015-002, 2013-002, 11-2, 09-3, 07-2)

RECOMMENDATION

We recommend the Office appoint qualified members to these boards, commissions, councils, and committees as required by the Acts cited and reappoint applicable board members in a timely manner.

OFFICE RESPONSE

The Office agrees with the recommendation to appoint and reappoint qualified members to serve on statutory boards, commissions, councils, and committees. Many of the vacancies noted in the finding were left unfilled by the prior administration. The Office has worked diligently to fill vacancies to boards, commissions, councils, and committees since Governor Rauner took office. As noted in the finding, the Office filed a number of the tested vacancies on boards, commissions, councils, and committees subsequent to the audit period. Since January 12, 2015, the Governor has appointed over 700 individuals to boards, commissions, councils, and committees. The Office will continue to review potential appointments to boards, commissions, councils, and committees and work to appoint qualified Illinois citizens to serve on such boards, commissions, councils, and committees.

2015-003. **FINDING** (Non-compliance with statutorily mandated responsibilities)

The Office of the Governor (Office) did not comply with certain provisions of the statutory mandates.

During our testing, we noted the following:

- The Office distributed the quarterly financial reports on operating funds to the General Assembly and the Office of the Comptroller between 75 to 532 days after they were due for all quarters of Fiscal Year 2014 and the first two quarters of Fiscal Year 2015. In addition, seven of eight (88%) quarterly financial reports were posted on the Governor's Office of Management and Budget's (GOMB) website between 54 to 511 days after they were due.

  The Civil Administrative Code of Illinois (State Budget Law) (15 ILCS 20/50-5) requires the Governor to distribute written quarterly financial reports on operating funds, which may include general, state, or federal funds and may include funds related to agencies that have significant impacts on State operations, and budget statements on all appropriated funds to the General Assembly and the State Comptroller. The reports are to be submitted no later than 45 days after the last day of each quarter of the fiscal year and posted on the GOMB website on the same day.

- The Office did not maintain documentation to verify whether members appointed by the Governor to the Hazardous Materials Advisory Board (Board) represent the community or group as required by the statute. The Board's appointments occurred over 20 years ago and the agencies that are to provide administrative support to the Board under the statute are not familiar with the Board. As such, this Board is considered inactive.

  The Hazardous Materials Emergency Act (430 ILCS 50/4) requires the Governor to appoint 4 members to the Hazardous Materials Advisory Board consisting of one volunteer firefighter, one representative from a local emergency response service, and 2 representatives from the business community.

- The Office did not indicate in a separate document submitted concurrent with each annual State budget the estimated amount of moneys in the Illinois Prepaid Tuition Trust Fund which shall be necessary and sufficient, during that State fiscal year, to discharge all obligations anticipated under Illinois prepaid tuition contracts. In addition, the Office did not indicate in a separate document submitted concurrent with each annual State budget the amount of

moneys from the Illinois Prepaid Tuition Trust Fund necessary to cover anticipated expenses associated with administration of the program.

The Illinois Prepaid Tuition Act (110 ILCS 979/35(d)) requires the Governor to indicate in a separate document submitted concurrent with each annual State budget the estimated amount of money in the Illinois Prepaid Tuition Trust Fund necessary and sufficient to discharge all obligations anticipated under Illinois prepaid tuition contracts. The Governor is also required to indicate in a separate document submitted concurrent with each annual State budget the amount of moneys from the Illinois Prepaid Tuition Trust Fund necessary to cover anticipated expenses associated with administration of the program.

- The Governor has not appointed a Comprehensive Health Planner to lead the Center for Comprehensive Health Planning.

  The Civil Administrative Code (Department of Public Health Powers/Duties Law) (20 ILCS 2310/2310-217(b)(2)) requires the Governor to appoint a Comprehensive Health Planner to supervise the Center for Comprehensive Health Planning and its staff.

- The Office could not provide documentation to determine whether qualifications of members appointed by the Governor to the Illinois Single Audit Commission are in accordance with the statute. Additionally, the Office could not provide the appointment letter of 1 of the 26 (4%) members.

  The Illinois Grant Funds Recovery Act (Act) (30 ILCS 705/15.1) requires the Governor to appoint a representative from each of the following grant-making agencies who is an expert in grants subject matter: Department on Aging; Department of Children and Family Services; Department of Healthcare and Family Services; Department of Human Services; Department of Public Health; Criminal Justice Information Authority; Department of Commerce and Economic Opportunity; Department of Transportation; Illinois State Board of Education; Illinois Student Assistance Commission; Department of Agriculture; Environmental Protection Agency; and Department of Natural Resources. The Act also requires the Governor to appoint a representative of the Governor's Office of Management and Budget, 4 members of the General Assembly, one from the House of Representatives Democratic Caucus, one from the House of Representatives Republican Caucus, one from the Senate Democratic Caucus, and one from the Senate Republican Caucus.

- The Office could not provide documentation to determine whether qualifications of members appointed by the Governor to the Illinois Holocaust and Genocide Commission are in accordance with the statute.

  The Illinois Holocaust and Genocide Commission Act (20 ILCS 5010/10(a)(1)) requires the Governor to appoint 19 members, one of which shall be a student, to the Illinois Holocaust and Genocide Commission. The public members of the Commission must include: persons who have served prominently as leaders of or spokespersons for public or private organizations that serve members of religious, ethnic, national heritage, or social groups that were subjected to the Holocaust or other genocides; persons who have significant professional experience in the field of Holocaust or genocide education; persons who represent liberators of Holocaust or other genocide victims; and persons who have demonstrated a significant, particular interest in Holocaust or genocide education.

- The Governor did not appoint a public administrator and public guardian for 22 of the 102 counties in the State. Subsequent to June 30, 2015, one person was appointed to serve as public administrator and public guardian in two counties.

  The Probate Act of 1975 (755 ILCS 5/13-1) requires the Governor to appoint in each county a suitable person to serve as public administrator and a suitable person to serve as public guardian of the county. The Governor may appoint the same person to serve as public guardian and public administrator in one or more counties.

- The Office could not provide documentation to determine whether the Economic Data Task Force reported its findings and recommendations to the Governor and the General Assembly.

  The Unemployment Insurance Act (820 ILCS 405/1900.2(d)) requires the Economic Data Task Force to report its findings and recommendations to the Governor and the General Assembly no later than June 30, 2013.

- The Violence Prevention Task Force did not prepare and submit to the Governor, a report of its activities for Fiscal Year 2014 and 2015.

  The Violence Prevention Task Force Act (20 ILCS 4028/15) requires the Violence Prevention Task Force to report to the Governor and General Assembly, by December 1 of each year, its activities for the previous year.

- The Office could not provide documentation to determine whether qualifications of members appointed by the Governor to the Health Facilities and Services Review Board are in accordance with the statute.

  The Illinois Health Facilities Planning Act (20 ILCS 3960/4(b)) requires the Governor to appoint 9 members to the Health Facilities and Services Review Board. Each member shall have a reasonable knowledge of the practice, procedures and principles of the health care delivery system in Illinois, including at least 5 members who shall be knowledgeable about health care delivery systems, health systems planning, finance, or the management of health care facilities currently regulated under the Act. One member shall be a representative of a non-profit health care consumer advocacy organization.

- The Office could not provide documentation of the qualifications of members appointed by the Governor to the Plumbing Code Advisory Council. As such, we could not determine whether the appointed members have the necessary qualifications in accordance with the statute.

  The Illinois Plumbing License Law (225 ILCS 320/39) requires the Governor to appoint 11 members to the Plumbing Code Advisory Council. The appointed members shall consist of 4 Illinois licensed plumbers engaged in plumbing in Illinois who are residents of Illinois, 1 registered professional engineer actively engaged in construction and design of plumbing systems; 1 licensed architect; 1 elected official of a municipality in Illinois; 2 representatives of the consumer public in Illinois; and 2 persons representing labor.

- The Governor did not designate, by official proclamation, the last Sunday in September as Gold Star Mother's Day during Fiscal Year 2014 and Fiscal Year 2015.

  The State Commemorative Dates Act (5 ILCS 490/50) requires the Governor to annually designate by official proclamation, the last Sunday in September, as Gold Star Mother's Day.

According to Office personnel, the Office makes every effort to comply with all statutorily mandated responsibilities. The issues above are a mixture of time constraints, other priorities that took precedence during the transition, and non-compliance from the prior administrative that current Office personnel do not have adequate knowledge of the prior administration's practices or priorities in order to explain. With respect to certain non-compliance noted that occurred during the prior administration, Office personnel have made reasonable best efforts to search for and

locate any documentation to assist in explaining any non-compliance by the prior administration. However, inadequate recordkeeping from the prior administration has resulted in the current administration being unable to locate certain requested documentation.

Failure to perform mandated responsibilities prevents the Office from effectively serving the people of the State. (Finding Code No. 2015-003, 2013-003, 11-4, 09-5, 07-5)

RECOMMENDATION

We recommend the Office comply with statutory requirements or seek legislative remedy.

OFFICE RESPONSE

The Office agrees with the recommendation to comply with statutory requirements or seek legislative remedy. As noted in the finding, the Office, under the prior administration, did not comply with certain statutory mandates in Fiscal Year 2014 and the first two quarters of Fiscal Year 2015. In addition, the current administration was unable to locate and provide documentation related to qualifications of appointees to certain boards and commissions made by prior administrations, despite current administration personnel making reasonable best efforts to search for and locate such documentation. Under the current administration, the Office will continue to work to comply with applicable statutory mandates and maintain documentation evidencing such compliance.

2015-004. **FINDING** (Interagency agreements)

Auditors identified exceptions at the Office of the Governor (Office) while testing interagency agreements.

During our testing of interagency agreements, we noted the following deficiencies:

- Sixteen of 27 (59%) interagency agreements tested were not signed by the Office on or prior to the effective date of the agreement. The agreements were signed 1 to 82 days late, 7 for Fiscal Year 2014 and 9 for Fiscal Year 2015.

- Two of 27 (7%) interagency agreements tested were not dated by all parties and as such, we could not verify whether the agreements were entered on or prior to the effective date of the agreement. The two agreements were for Fiscal Year 2015.

- Twenty-five of 27 (93%) interagency agreements tested pertain to the assignment of certain employees to the Office by other State agencies or the sharing of certain employees' services with the Office by other State agencies. For eight of the 25 agreements (1 for Fiscal Year 2014 and 7 for Fiscal Year 2015), the employees were assigned to the Office; for 17 of the 25 agreements (12 for Fiscal Year 2014 and 5 for Fiscal Year 2015), the employees spent time working on activities for both the Office and the State agency. In each of the 25 agreements, the employee's full salary, including benefits, was paid solely by the other State agency. In some instances, the employees worked on matters that were not related to the State agency responsible for paying their salary and benefits.

- Two of 27 (7%) interagency agreements for Fiscal Year 2014 could not be located. As such, the auditors could not determine whether the agreement was properly and timely executed.

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 resources are utilized efficiently and effectively and obligations and costs are in compliance with applicable laws. Good internal controls require the approval of agreements prior to their effective dates.

The State Finance Act (30 ILCS 105/9.03) requires a certification on every State payroll voucher stating "that the results of the work performed by these employees and that substantially all of their working time is directly related to the objectives, functions, goals, and policies of the organizational unit for which the appropriation is made…"

The State Records Act (5 ILCS 160/8) requires each agency to preserve 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.

According to Office personnel, with respect to interagency agreements entered into by the current administration, these agreements are between the Office and agencies that report to the Office and are legally effective as of their stated effective date regardless of the date next to the signature. According to Office personnel, the agencies and the Office have mutual interests in establishing an effective and efficient organizational and administrative structure, and agreed that hiring employees subject to the agreements directly advance the objectives, functions, goals, and policies of both the respective agency and the Office. Agency officials also stated the Office used the same form of interagency agreement that was used by the prior administration. Lastly, according to Office personnel, the missing interagency agreements relate to the prior administration that the current administration was unable to locate, despite the current administration personnel making reasonable best efforts to search for and locate such agreements.

Failure to appropriately allocate the cost of employees' services may result in inaccurate operational expenses of individual State agencies. Failure to approve interagency agreements prior to the effective date prevents all parties from timely assessing whether the agreements are reasonable and appropriate and results in each party's responsibilities not being sufficiently documented in a timely manner. Failure to maintain a copy of all the interagency agreements may prevent the Office from protecting its legal rights under the interagency agreement. (Finding Code No. 2015-004, 2013-004, 11-3, 09-4, 07-3)

RECOMMENDATION

We recommend the Office reevaluate interagency agreements to determine an appropriate allocation of the cost related to employees whose services are shared with other agencies or who are assigned to the Office by other agencies, or document the reason why the costs are only being paid by the other agencies. We also recommend the Office ensure each interagency agreement is signed by the parties prior to the effective date and a copy is kept to facilitate proper monitoring and compliance.

OFFICE RESPONSE

The Office agrees with the recommendation to reevaluate interagency agreements to determine and document appropriate cost allocation, and to properly document and maintain all interagency agreements. The interagency agreements tested during the audit period include Fiscal Year 2014 and Fiscal Year 2015 interagency agreements entered into by the prior administration, as well as Fiscal Year 2015 interagency agreements entered into by the current administration. The Fiscal Year 2015 interagency agreements entered into by the current administration used the same form and procedures for interagency agreements as the prior administration. In addition, during that same time period, the current administration spent over $500,000 less than the prior administration on interagency agreements.

Going forward, the Office will ensure that interagency agreement costs are properly allocated and documented. In addition, the Office will ensure that interagency agreements are signed prior to the respective effective dates, and that copies of such agreements are kept to facilitate proper monitoring and compliance.

2015-005. **FINDING** (Inadequate maintenance of records)

The Office of the Governor (Office) did not maintain records and documents for various expenditures and receipts activities.

The Office was not able to provide various expenditures, receipts, and other records and documentation requested for testing. These were as follows:

- 124 of 253 (49%) vouchers, totaling $389,512, for contractual services, travel, commodities, printing, electronic data processing, state property, telecommunications and lump sum expenditures, 98 for Fiscal Year 2014 and 26 for Fiscal Year 2015;

- List of employees on-leave of absence during the period July 2013 through December 2014; and

- List of receipts and refunds received during the period July 2013 through December 2014.

The State Records Act (5 ILCS 160/8) requires each agency to preserve 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.

According to Office personnel, Office personnel made reasonable best efforts to search for and locate the above listed documents that were processed under the previous administration; however, the current administration was unable to locate the requested documents.

Failure to maintain adequate records and proper documentation is a noncompliance with the State Records Act (Act) and may limit the ability of the Office to provide support of its operation and make records available to the public if requested in accordance with the Act. (Finding Code No. 2015-005)

RECOMMENDATION

We recommend the Office maintains its records and documents in compliance with the Act.

OFFICE RESPONSE

The Office agrees with the recommendation to maintain its records and documents in compliance with the State Records Act. As noted in the finding, Office personnel made reasonable best efforts to search for and locate the documents listed in the finding that were processed under the prior administration. However, despite such efforts, Office personnel were unable to locate those records from the prior administration. The current administration has worked with the personnel from the State Records Commission and State Archives to ensure that its records are maintained in compliance with the State Records Act.

PRIOR FINDINGS NOT REPEATED

There were no prior findings not repeated during the current examination.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

CURRENT STATUS OF PERFORMANCE AUDIT RECOMMENDATION

For the Two Years Ended June 30, 2015

As part of the compliance examination of the Office of the Governor for the two years ended June 30, 2015, we followed up on the status of one recommendation from the Illinois Office of the Auditor General's Performance Audit of the Center for Comprehensive Health Planning and Health Facilities and Services Review Board (released May 2014). One recommendation, listed below, applied to the Office of the Governor.

Recommendation #1 - Comprehensive Health Planner

The Governor should appoint a Comprehensive Health Planner as required by State statute (20 ILCS 2310/2310-217(b)(2)).

Status - Not Implemented

As reported in Finding 2015-003, the Office of the Governor failed to appoint a Comprehensive Health Planner. (See page 20 for additional details.)

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
  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)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2015 and June 30, 2014 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.

Schedule 1

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations For Fiscal Year 2015

Fourteen Months Ended August 31, 2015

Public Act 98-0679	Appropriations (Net After Transfers)	Expenditures Through 6/30/15	Lapsed Period Expenditures 7/1 - 8/31/15	Total Expenditures	Balances Lapsed
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Operational Expenses	$ 5,521,100	$ 4,929,388	$ 164,644	$ 5,094,032	$ 427,068
Total General Revenue Fund - 001	5,521,100	4,929,388	164,644	5,094,032	427,068
GOVERNOR'S GRANT FUND - 947					
Governor's Grant Fund	100,000	-	-	-	100,000
Total Governor's Grant Fund - 947	100,000	-	-	-	100,000
TOTAL - ALL APPROPRIATED FUNDS	$ 5,621,100	4,929,388	164,644	5,094,032	$ 527,068
NON-APPROPRIATED FUNDS					
ILLINOIS EXECUTIVE MANSION TRUST FUND - 296					
Mansion Expenses		33,185	4,752	37,937	
TOTAL - ALL NON-APPROPRIATED FUNDS		33,185	4,752	37,937	
GRAND TOTAL - ALL FUNDS		$ 4,962,573	$ 169,396	$ 5,131,969	

Note 1: The data for this report was obtained from Office records and has been reconciled to the records of the State Comptroller.

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 GOVERNOR
SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
Appropriations For Fiscal Year 2014

Fourteen Months Ended August 31, 2014

Public Act 98-0064	Appropriations (Net After Transfers)	Expenditures Through 6/30/14	Lapsed Period Expenditures 7/1 - 8/31/14	Total Expenditures	Balances Lapsed
APPROPRIATED FUNDS					
GENERAL REVENUE FUND - 001					
Operational Expenses	$ 5,521,100	$ 4,834,207	$ 174,752	$ 5,008,959	$ 512,141
Total General Revenue Fund - 001	5,521,100	4,834,207	174,752	5,008,959	512,141
GOVERNOR'S GRANT FUND - 947					
Governor's Grant Fund	100,000	-	-	-	100,000
Total Governor's Grant Fund - 947	100,000	-	-	-	100,000
TOTAL - ALL APPROPRIATED FUNDS	$ 5,621,100	4,834,207	174,752	5,008,959	$ 612,141
NON-APPROPRIATED FUNDS					
ILLINOIS EXECUTIVE MANSION TRUST FUND - 296					
Mansion Expenses		29,175	1,137	30,312	
TOTAL - ALL NON-APPROPRIATED FUNDS		29,175	1,137	30,312	
GRAND TOTAL - ALL FUNDS		$ 4,863,382	$ 175,889	$ 5,039,271	

Note 1: The data for this report was obtained from Office records and has been reconciled to the records of the State Comptroller.

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

Schedule 3

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2015, 2014 and 2013

	Fiscal Year		
	2015	2014	2013
	PA 98-0679	PA 98-0064	PA 97-0727
APPROPRIATED FUNDS			
General Revenue Fund - 001			
Appropriations (Net After Transfers)	$ 5,521,100	$ 5,521,100	$ 5,811,100
Expenditures			
Personal Services	-	-	3,830,245
Social Security	-	-	278,368
Contractual Services	-	-	502,895
Travel	-	-	73,903
Commodities	-	-	27,497
Printing	-	-	6,682
Electronic Data Processing	-	-	260,879
Telecommunications	-	-	242,555
Lump Sums - Repairs and Maintenance	-	-	17,958
Lump Sums - Celebrations, Receptions, and Events	-	-	45,392
Operational Expenses	5,094,032	5,008,959	-
Total Expenditures	5,094,032	5,008,959	5,286,374
Lapsed Balances	$ 427,068	$ 512,141	$ 524,726
Governor's Grant Fund - 947			
Appropriations (Net After Transfers)	$ 100,000	$ 100,000	$ 100,000
Expenditures			
Governor's Grant Fund	-	-	-
Lapsed Balances	$ 100,000	$ 100,000	$ 100,000
GRAND TOTAL - ALL APPROPRIATED FUNDS			
Appropriations (Net After Transfers)	$ 5,621,100	$ 5,621,100	$ 5,911,100
Expenditures	5,094,032	5,008,959	5,286,374
Lapsed Balances	$ 527,068	$ 612,141	$ 624,726
NON-APPROPRIATED FUNDS			
Illinois Executive Mansion Trust Fund - 296			
Expenditures			
Mansion Expenses	$ 37,937	$ 30,312	$ 29,158
Total Expenditures	$ 37,937	$ 30,312	$ 29,158
GRAND TOTAL - ALL NON-APPROPRIATED FUNDS	$ 37,937	$ 30,312	$ 29,158
GRAND TOTAL - ALL FUNDS	$ 5,131,969	$ 5,039,271	$ 5,315,532
General Revenue Fund - 001 - State Comptroller			
Governor's Salary	$ 94,539	$ 177,412	$ 177,412

Schedule 4

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
SCHEDULE OF CHANGES IN STATE PROPERTY
For the Two Years Ended June 30, 2015

	Land and Land Improvements	Building and Building Improvements	Equipment	Capital Lease Assets	Total
Balance, June 30, 2013	$ 41,100	$ 6,919,328	$ 1,337,417	$ -	$ 8,297,845
Additions and Adjustments:					
Transfers In	-	398,650	-	-	398,650
Other Adjustments	-	-	-	10,900	10,900
Total Additions	-	398,650	-	10,900	409,550
Deletions:					
Lost/Scrapped	-	-	(20,207)	-	(20,207)
Transfers Out	-	-	(100)	-	(100)
Total Deletions	-	-	(20,307)	-	(20,307)
Balance, June 30, 2014	$ 41,100	$ 7,317,978	$ 1,317,110	$ 10,900	$ 8,687,088
Additions and Adjustments:					
Transfers In	-	146,892	-	-	146,892
Other Adjustments	-	4,282,788	-	-	4,282,788
Total Additions	-	4,429,680	-	-	4,429,680
Deletions and Adjustments:					
Other Adjustments	-	-	(1,190)	-	(1,190)
Total Deletions	-	-	(1,190)	-	(1,190)
Balance, June 30, 2015	$ 41,100	$ 11,747,658	$ 1,315,920	$ 10,900	$ 13,115,578

Note: The above schedule has been derived from the property records of the Office. However, we were not able to reconcile to the property reports submitted to the State Comptroller due to certain errors noted in the Office's property reports (see Finding Code No. 2015-001).

Schedule 5

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
COMPARATIVE SCHEDULE OF CASH RECEIPTS
For the Fiscal Years Ended June 30,

	2015	2014	2013
General Revenue Fund - 001			
Miscellaneous	$ 904	$ 90	$ 1,816
Illinois Executive Mansion Trust Fund - 296			
Executive Mansion	18,830	-	-
Governor's Grant Fund - 947			
Donations	10	-	-
Total Cash Receipts - All Funds	$ 19,744	$ 90	$ 1,816

Schedule 6

RECONCILIATION SCHEDULE OF CASH RECEIPTS
TO DEPOSITS REMITTED TO THE STATE COMPTROLLER
For the Fiscal Years Ended June 30,

	2015	2014	2013
Cash Receipts per Office Records	$ 19,744	$ 90	$ 1,816
Add: Deposits in Transit, Beginning of Year	-	-	-
Less: Deposits in Transit, End of Year	-	-	-
Deposits per Comptroller Records	$ 19,744	$ 90	$ 1,816

Schedule 7

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2015

Significant variances in expenditures were determined to be changes of $50,000 between fiscal years. A comparative schedule of significant variations and explanations for items meeting the criteria appear below.

	Fiscal Year Ended June 30,		Increase	
	2015	2014	Amount	%
General Revenue Fund (001)				
Operational Expenses	$ 5,094,032	$ 5,008,959	$ 85,073	2% (1)
Governor's Grant Fund (947)				
Governor's Grant Fund	-	-	-	0%
Illinois Executive Mansion Trust Fund (296)				
Mansion Expenses	37,937	30,312	7,625	25%

(1) The net increase in operational expenses in Fiscal Year 2015 from Fiscal Year 2014 was due to the net effect of the increase in lump sum payments to employees as a result of the transition of the administration and nonpayment of data center and telecommunication charges to the Department of Central Management Services (DCMS). The new administration deferred the payments of data center and telecommunication charges to DCMS until their review of these charges are completed. Upon completion of the review, the Office will pay these charges through the Court of Claims.

Schedule 7

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2015

Significant variances in expenditures were determined to be changes of $50,000 between fiscal years. A comparative schedule of significant variations and explanations for items meeting the criteria appear below.

	Fiscal Year Ended June 30,		Increase/(Decrease)		
	2014	2013	Amount	%	
General Revenue Fund (001)					
Personal Services	$ -	$ 3,830,245	$ (3,830,245)	-100%	(1)
Social Security	-	278,368	(278,368)	-100%	(1)
Contractual Services	-	502,895	(502,895)	-100%	(1)
Travel	-	73,903	(73,903)	-100%	(1)
Commodities	-	27,497	(27,497)	-100%	(1)
Printing	-	6,682	(6,682)	-100%	(1)
Electronic Data Processing	-	260,879	(260,879)	-100%	(1)
Telecommunications	-	242,555	(242,555)	-100%	(1)
Lump Sums - Repairs and Maintenance	-	17,958	(17,958)	-100%	(1)
Lump Sums - Celebrations, Receptions, and Events	-	45,392	(45,392)	-100%	(1)
Operational Expenses	5,008,959	-	5,008,959	100%	(1)
Total	$ 5,008,959	$ 5,286,374	(277,415)	-5%	(2)
Governor's Grant Fund (947)					
Governor's Grant Fund	-	-	-	0%	
Illinois Executive Mansion Trust Fund (296)					
Mansion Expenses	30,312	29,158	1,154	4%	

(1) In Fiscal Year 2014, there was no separate appropriation for Personal Services, Social Security, Contractual Services, Travel, Commodities, Printing, Electronic Data Processing, Telecommunication and Lump Sum. The separate line items were combined into one Operational Expenses lump sum appropriation in Fiscal Year 2014.

(2) The net decrease in total expenditures in Fiscal Year 2014 from Fiscal Year 2013 was mainly due to the decrease in personal services and related costs associated with the decrease in the average headcount in Fiscal Year 2014 as compared to Fiscal Year 2013.

Schedule 8

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Three Years Ended June 30, 2015

Significant variances in receipts were determined to be changes of $5,000 between fiscal years. A comparative schedule of significant variations and explanations for items meeting the criteria appear below.

	Fiscal Year Ended June 30		Increase/(Decrease)		
	2015	2014	Amount	%	
General Revenue Fund - 001					
Miscellaneous	$ 904	$ 90	$ 814	904%	
Illinois Executive Mansion Trust Fund - 296					
Executive Mansion	18,830	-	18,830	100%	(1)
Governor's Grant Fund - 947					
Donations	10	-	10	100%	

	2014	2013	Amount	%
General Revenue Fund - 001				
Miscellaneous	$ 90	$ 1,816	$ (1,726)	-95%
Illinois Executive Mansion Trust Fund - 296				
Executive Mansion	-	-	-	0%
Governor's Grant Fund - 947				
Donations	-	-	-	0%

(1) The increase in Fiscal Year 2015 from Fiscal Year 2014 was due to proceeds of events held at the Executive Mansion. There were no private events held at the Executive Mansion in Fiscal Year 2014.

Schedule 9

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2015

Fiscal Year 2015

There were no significant lapse period expenditures during Fiscal Year 2015.

Fiscal Year 2014

There were no significant lapse period expenditures during Fiscal Year 2014.

AGENCY FUNCTIONS

The Governor is the Chief Executive Officer of the State of Illinois. His official duties are set forth in Section 8 through 13 of Article V of the Illinois Constitution and in numerous statutory provisions. Section 8 provides that "the Governor shall have supreme executive power and shall be responsible for the faithful execution of the laws" of the State.

The Honorable Bruce Rauner is the current governor and was sworn into office as the 42nd Governor of the State of Illinois the morning of January 12, 2015.

The Governor maintains direct supervision over the operation of State agencies, authorities, code departments, boards, commissions, councils, deputy governors' offices, and the Governor's Office of Management and Budget. The Governor negotiates legislative issues and state affairs with other elected constitutional officers of the Executive Branch of the State, members of the General Assembly of Illinois, the National Administration of Governors, and other governors.

Legislative Affairs

The Office of Legislative Affairs represents the Governor's Administration in proceedings before the Illinois General Assembly and manages legislative affairs for the Governor's Office and all State agencies that report to the Governor. The Office of Legislative Affairs works with members of the General Assembly, their staffs and other State Constitutional Officers to advance Governor Rauner's legislative agenda. This unit also monitors legislation. Each bill is tracked as it progresses through the General Assembly and is closely evaluated and discussed with all necessary parties. This is done to both notify others of the pending changes as well as to assist in the preparation of new regulations.

Communications

This unit develops and implements the Governor's strategy and serves as the point of contact for media seeking information about the Governor. The Communications Department works directly with the Governor and other departments to discuss scheduling and opportunities for the Governor to meet with the people of Illinois through interviews and media appearances. Communications also works directly with the Office of Constituent Affairs to discuss constituent issues. The Director of Research reports to the Communications Department. The Director of Research maintains all State government boards and commissions under the purview of executive powers and appointment. He accomplishes this through implementation of a selection process to identify individuals to serve on boards that advise, advocate, and/or regulate issues across broad range of programs and services that address the concerns of individuals and groups.

Policy

This unit is involved in policy development and acts as liaison with departments and agencies. The Policy unit works closely with other units in the Governor's Office that are responsible for relating to legislation and budget development. Policy meets with State agencies regularly to get updates on each agency's goals and missions so they can be communicated to the Chief Operating Officer and the Governor.

Governor's Office of Constituent Affairs (GOCA)

This Office ensures that State government takes responsibility for providing citizens the services they rightfully deserve by connecting constituents to crucial State services and programs. In addition, the GOCA promote civic engagement across Illinois by educating constituents on Illinois State government programs and functions through outreach efforts. GOCA responds to correspondence sent to Governor Rauner in order to address key issues that are important to the citizens of the State.

Legal General Counsel

The General Counsel's Office manages legal issues for the Governor and the Governor's Office. The Office performs administrative work for the State which includes, but is not limited to, the following areas: drafting legal documents and contracts; overseeing all legal matters under the Governor's responsibilities; and advising the Governor and Chief of Staff on legal issues. The Legal Department ensures that the Office maintains compliancy with all ethics laws.

Operations

This Department oversees the day to day operations of the Office. The employees are responsible for overseeing the internal Office budget and handling personnel of the Office in addition to providing administrative support. The Operations Department also houses the Advance Department, which organizes each of the Governor's events and plans out the Governor's travel. This unit also prepares all documentation necessary to maintaining the property of the Office. This requires the Department to complete required forms to submit to designated agencies to stay in compliance with State laws.

Outreach

The Outreach Department is responsible for creating relationships with various ethnic groups and organizations in Illinois. It is the goal of the Office to be aware of all issues and concerns of the communities in Illinois and the Outreach Department meets with these communities regularly to discuss concerns and how the Governor can become more involved in that organization or community.

Intergovernmental Affairs

This unit acts as a liaison between the Office and municipal governments around the State. Intergovernmental Affairs regularly meets with mayors and city officials to discuss the effect of State legislation on cities and counties. The Director of Intergovernmental Affairs works directly with the Governor on policy that would affect local governments and also briefs the Governor and Chief of Staff on local government throughout the State.

Federal Affairs

The Office of Federal Affairs is the only office that is located outside of Illinois. The office is located in Washington D.C. The Office is led by the Director of Federal Affairs, who maintains a relationship with elected Federal Officials. It is the job of this Office to act as a liaison between the State legislature and the Federal legislature. The Director of Federal Affairs reports to the Chief of Staff on new Federal legislation that will affect the State of Illinois and also works with Federal grants.

Office of Transformation and Metrics

The Governor's Office of Transformation and Metrics focuses on interagency projects, developing performance metrics and strategic planning. Projects focus on evaluating agency operations to improve effectiveness and efficiency. The Department also focuses on building out the data tools and performance metrics for State agencies. Additionally, work may focus on key initiatives dealing with potential asset sales and labor.

Office of the First Lady/Executive Mansion

The Office of the First Lady oversees all Executive Mansion activities and personnel. The Office of the First Lady is led by the First Lady's Chief of Staff who organizes all events at the Mansion in addition to supervising all staff at the Mansion.

PLANNING PROGRAM

The Office practices both long-term and short-term planning on a continuing basis. Longer range planning involves discussions with agencies and government units that fall under the jurisdiction of the Governor and with members of the legislature. Shorter range planning occurs in the annual budget process during which the Office functions in a review and advisory capacity to the Governor's Office of Management and Budget.

Operating Officers and Policy Advisors work directly with the governmental units subject to the Governor's jurisdiction. They serve as the Governor's liaisons and deal with specific operating problems, resource allocation, and policy objectives and alternatives. The results and findings of their efforts are prioritized and incorporated into the budgetary process as resources permit.

AGENCY FUNCTIONS AND PLANNING PROGRAM (Not Examined)

For the Two Years Ended June 30, 2015

The budgetary process identifies various programs and issues to be addressed by fiscal period, and also more routine State government operating considerations. The result of this process is a formal program of objectives to be accomplished, which is subject to monitoring and revision throughout each fiscal period.

STATE OF ILLINOIS
OFFICE OF THE GOVERNOR

AVERAGE NUMBER OF EMPLOYEES (Not Examined)

For the Years Ended June 30, 2015, 2014 and 2013

The following table, prepared from Office records, presents the average number of employees, by function, for the Fiscal Years ended June 30,

Function	2015	2014	2013
Executive Office	46	69	73
Executive Mansion	7	8	8
Total	53	77	81