

**STATE OF ILLINOIS
PROCUREMENT POLICY BOARD**

COMPLIANCE EXAMINATION

For the Two Years Ended June 30, 2018

STATE OF ILLINOIS
 PROCUREMENT POLICY BOARD
 COMPLIANCE EXAMINATION
 For the Two Years Ended June 30, 2018

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STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

AGENCY OFFICIALS

Executive Director	Matthew Von Behren
Assistant Director (new position)	Jessica Molloy (06/16/18 – Present)
Chief Fiscal Officer	Deanna Rossetto

The members of the Board as of June 30, 2018, were:

Frank Vala, Chairman
Edward Bedore
Ricardo Morales
Larry Ivory
Bill Black

The Board's administrative office is located at:

607 East Adams, Suite 1520
Springfield, Illinois 62701



Chairman: Frank J. Vala

Members: Ed Bedore, Bill Black, Larry Ivory, Ricardo Morales

MANAGEMENT ASSERTION LETTER

June 27, 2019

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

Auditor General Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Procurement Policy Board. 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, Procurement Policy Board's compliance with the following assertions during the two-year period ended June 30, 2018. Based on this evaluation, we assert that during the years ended June 30, 2017, and June 30, 2018, the State of Illinois, Procurement Policy Board has materially complied with the assertions below.

- A. The State of Illinois, Procurement Policy Board 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, Procurement Policy Board 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, Procurement Policy Board 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, Procurement Policy Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

Yours truly,

Procurement Policy Board

SIGNED ORIGINAL ON FILE

Matthew Von Behren, Executive Director

SIGNED ORIGINAL ON FILE

Deanna Rossetto, Chief Fiscal Officer

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

COMPLIANCE REPORT

SUMMARY

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

ACCOUNTANT’S REPORT

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

SUMMARY OF FINDINGS

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

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDING (STATE COMPLIANCE)			
2018-001	7	Prompt Payment Interest Not Paid	Significant Deficiency and Noncompliance

EXIT CONFERENCE

The findings and recommendations appearing in the report were discussed with Board personnel at an exit conference on June 19, 2019. Attending were:

Procurement Policy Board
Matthew Von Behren – Executive Director
Jessica Molloy – Assistant Director

Office of the Auditor General
Megan Rothe, CPA – Audit Supervisor

The response to the recommendation was provided by Mr. Matthew Von Behren, Executive Director, in correspondence dated June 27, 2019.

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OFFICE OF THE AUDITOR GENERAL
FRANK J. MAUTINO

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

Compliance

We have examined the State of Illinois, Procurement Policy Board'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, 2018. The management of the State of Illinois, Procurement Policy Board is responsible for compliance with these requirements. Our responsibility is to express an opinion on the State of Illinois, Procurement Policy Board's compliance based on our examination.

- A. The State of Illinois, Procurement Policy Board 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, Procurement Policy Board 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, Procurement Policy Board 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, Procurement Policy Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

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

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

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

In our opinion, the State of Illinois, Procurement Policy Board complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the two years ended June 30, 2018. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General, and which are described in the accompanying schedule of findings as item 2018-001.

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

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

Internal Control

Management of the State of Illinois, Procurement Policy Board 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, Procurement Policy Board'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, Procurement Policy Board's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Procurement Policy Board's internal control over compliance.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings as item 2018-001, which we consider to be a significant deficiency.

As required by the Audit Guide, an immaterial finding excluded from this report has been reported in a separate letter.

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

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

Supplementary Information for State Compliance Purposes

Our examination was conducted for the purpose of forming an opinion on compliance with the requirements listed in the first paragraph of this report. The accompanying supplementary information for the years ended June 30, 2018, and June 30, 2017, in Schedules 1 through 5 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, 2018, and June 30, 2017, accompanying supplementary information in Schedules 1 through 5. However, we do not express an opinion on the accompanying supplementary information.

We have not applied procedures to the June 30, 2016, accompanying supplementary information in Schedules 3 through 5 and in the Analysis of Operations Section and, accordingly, we do not express an opinion or provide any assurance on it.

SIGNED ORIGINAL ON FILE

JANE CLARK, CPA
Director of Financial and Compliance Audits

Springfield, Illinois
June 27, 2019

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2018

2018-001. **FINDING** (Prompt Payment Interest Not Paid)

The Procurement Policy Board (Board) failed to pay prompt payment interest due to vendors during Fiscal Year 2018.

During the testing of 46 vouchers, we noted the Board incurred interest on 25 of those vouchers. The Board failed to pay interest owed on 9 of these 25 (36%) vouchers tested, totaling \$7,347.

The State Prompt Payment Act (Act) (30 ILCS 540/3-2(2)) requires the Board to automatically pay interest penalties required by this Section amounting to \$50 or more to the appropriate vendor. The Act also states interest due to a vendor that amounts to greater than \$5 and less than \$50 shall not be paid but shall be accrued until all interest due to the vendor exceeds \$50, except interest accrued as of the end of the fiscal year that does not exceed \$50 shall be payable at fiscal year-end. Further, the Statewide Accounting Management System (SAMS) (Procedure 17.20.45) states it is the responsibility of the Board to develop and implement internal procedures that will permit full compliance with the provisions of the Act and the rules jointly promulgated by the State Comptroller and the Department of Central Management Services to govern the uniform application of the Act.

Board management stated they were unable to access the interest due in the new ERP/SAP accounting program and, subsequently, were never able to release payments for the prompt pay interest due.

Failure to pay interest penalties represents noncompliance with the Act and SAMS. In addition, failure to calculate and pay prompt payment interest in a timely manner could result in unpaid vendors needing to seek payment through the Court of Claims. (Finding Code No. 2018-001)

RECOMMENDATION

We recommend the Board comply with the Act and SAMS and ensure all prompt payment interest due is paid to vendors.

BOARD RESPONSE

The Board agrees with the recommendation. Most of the prompt interest incurred during the almost two-year budget impasse. Also during this time, the Board was required to convert its accounting program to the new Statewide SAP platform. The Board inquired several times with the SAP team from the Department of Innovation and Technology (DoIT) about the necessary reports needed to be run in order to find out how much prompt pay interest was due. After multiple attempts we were unable

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF FINDINGS – STATE COMPLIANCE
For the Two Years Ended June 30, 2018

to access the interest that was due in the new accounting program and subsequently were never able to release payments for the prompt pay interest that was due.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2018

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

SUMMARY

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

- Fiscal Schedules and Analysis:

- Schedule of Appropriations, Expenditures, and Lapsed Balances – Fiscal Year 2018

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

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

- Schedule of Changes in State Property

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

- Analysis of Operations (Not Examined):

- Agency Functions and Planning Program (Not Examined)

- Analysis of Significant Variations in Expenditures (Not Examined)

- Analysis of Significant Variations in Receipts (Not Examined)

- Analysis of Significant Lapse Period Spending (Not Examined)

- Budget Impasse Disclosures (Not Examined)

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

- Interest Costs on Fiscal Year 2017 Invoices (Not Examined)

- Average Number of Employees (Not Examined)

- Service Efforts and Accomplishments (Not Examined)

The accountant's report that covers the Supplementary Information for State Compliance Purposes presented in the Compliance Report Section states the accountants have applied certain limited procedures as prescribed by the Audit Guide as adopted by the Auditor General to the June 30, 2018, and June 30, 2017, accompanying supplementary information in Schedules 1 through 5. 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
 PROCUREMENT POLICY BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
 Expenditure Authority for Fiscal Year 2018

For the Fifteen Months Ended September 30, 2018

Public Act 100-0021	Expenditure Authority (Net of Transfers)	Lapse Period		Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
		Expenditures Through June 30	Expenditures July 1 to September 30		
<u>GENERAL REVENUE FUND - 001</u>					
Ordinary and Contingent Expenses	\$ 452,700	\$ 356,395	\$ 4,785	\$ 361,180	\$ 91,520
GRAND TOTAL	<u>\$ 452,700</u>	<u>\$ 356,395</u>	<u>\$ 4,785</u>	<u>\$ 361,180</u>	<u>\$ 91,520</u>

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2018, and have been reconciled to Board records.
- Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.
- Note 3: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Board to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 19 includes information from Board management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Board which were submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2017

For the Fifteen Months Ended September 30, 2017

Public Act 99-0524 Court-Ordered Expenditures FISCAL YEAR 2017	Expenditure Authority (Net of Transfers)	Lapse Period		Total Expenditures 15 Months Ended September 30	Balances Lapsed September 30
		Expenditures Through June 30	Expenditures July 1 to September 30		
<u>GENERAL REVENUE FUND - 001</u>					
Personal Services		\$ 211,626	\$ -	\$ 211,626	
SUBTOTAL		<u>\$ 211,626</u>	<u>\$ -</u>	<u>\$ 211,626</u>	
<u>BUDGET STABILIZATION FUND - 686</u>					
Ordinary and Contingent Expenses		\$ 24,966	\$ -	\$ 24,966	\$ 34
SUBTOTAL		<u>\$ 24,966</u>	<u>\$ -</u>	<u>\$ 24,966</u>	<u>\$ 34</u>
GRAND TOTAL		<u><u>\$ 236,592</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 236,592</u></u>	<u><u>\$ 34</u></u>

- Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and have been reconciled to Board records.
- Note 2: Expenditure amounts are vouchers approved for payment by the Board and submitted to the State Comptroller for payment to the vendor.
- Note 3: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Board was able to submit vouchers to pay its employees in full from Fund 001 without a maximum expenditure limit for personal services during Fiscal Year
- Note 4: Public Act 99-0524 authorized the Board to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 19 includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board submitted against its Fiscal Year 2017 appropriation.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
For the Fiscal Years Ended June 30, 2018, 2017, and 2016

	Fiscal Year		
	2018 P.A. 100-0021	2017 P.A. 99-0524 & Court Ordered Expenditures	2016 Court Ordered Expenditures
APPROPRIATED FUNDS			
General Revenue Fund - 001			
Appropriations (Net of Transfers)	\$ 452,700		
Expenditures			
Personal Services	\$ -	\$ 211,626	\$ 248,697
Ordinary and Contingent Expenses	361,180	-	-
Total Expenditures	<u>\$ 361,180</u>	<u>\$ 211,626</u>	<u>\$ 248,697</u>
Lapsed Balances	<u>\$ 91,520</u>		
Budget Stabilization Fund - 686			
Appropriations (Net of Transfers)	\$ -	\$ 25,000	\$ -
Expenditures			
Ordinary and Contingent Expenses	\$ -	\$ 24,966	\$ -
Total Expenditures	<u>\$ -</u>	<u>\$ 24,966</u>	<u>\$ -</u>
Lapsed Balances	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ -</u>
Total - All Appropriated Funds			
Total Appropriations	\$ 452,700	\$ 25,000	\$ -
Total Appropriated Expenditures	361,180	236,592	248,697
Lapsed Balances	<u>\$ 91,520</u>	<u>\$ 34</u>	<u>\$ -</u>

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller's records as of September 30, 2017, and September 30, 2018, and have been reconciled to Board records.

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

Note 3: The Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As Public Act 100-0021 states appropriation authority granted by the General Assembly does not supersede any court order directing the expenditure of funds and states such payments are added to the appropriations granted by the General Assembly, the Board was able to submit vouchers to pay its employees in full from Fund 001 without a maximum expenditure limit for personal service during Fiscal Year 2017.

Note 4: Public Act 99-0524 authorized the Board to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 19 includes information from Board management about the number of invoices and the total dollar amount of invoices held by the Board submitted against its Fiscal Year 2017 appropriation.

Note 5: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the Board to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The Analysis of Operations section of this report at page 19 includes information from Board management about the number of invoices and the total dollar amount of invoices from Fiscal Year 2016 and Fiscal Year 2017 held by the Board which were submitted against either its Fiscal Year 2017 or Fiscal Year 2018 appropriation.

STATE OF ILLINOIS
 PROCUREMENT POLICY BOARD
SCHEDULE OF CHANGES IN STATE PROPERTY
 For the Two Years Ended June 30, 2018

	<u>Equipment</u>
Balance at July 1, 2016	\$ 26,422
Additions	-
Deletions	14,834
Net Transfers	<u>-</u>
Balance at June 30, 2017	<u>\$ 11,588</u>
Balance at July 1, 2017	\$ 11,588
Additions	-
Deletions	-
Net Transfers	<u>-</u>
Balance at June 30, 2018	<u>\$ 11,588</u>

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

STATE OF ILLINOIS
 PROCUREMENT POLICY BOARD
**COMPARATIVE SCHEDULE OF CASH RECEIPTS AND
 RECONCILIATION OF CASH RECEIPTS TO
 DEPOSITS REMITTED TO THE STATE COMPTROLLER**
 For the Fiscal Year Ended June 30,

<u>GENERAL REVENUE FUND - 001</u>	FISCAL YEAR		
	<u>2018</u>	<u>2017</u>	<u>2016</u>
Reimbursements, Jury Duty, & Other Recoveries	\$ -	\$ 152	\$ 75
Total Receipts per Board Records	<u>\$ -</u>	<u>\$ 152</u>	<u>\$ 75</u>
Add: Deposits in Transit, Beginning of Year	-	-	-
Less: Deposits in Transit, End of Year	<u>-</u>	<u>-</u>	<u>-</u>
Deposits Recorded by the Comptroller	<u>\$ -</u>	<u>\$ 152</u>	<u>\$ 75</u>

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
AGENCY FUNCTIONS AND PLANNING PROGRAM
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

FUNCTIONS

The Procurement Policy Board (Board) is statutorily charged with the responsibility to review, comment upon, and recommend rules and practices governing the procurement, management, control and disposal of supplies, services, professional and artistic services, construction, and real property and capital improvement leases procured by the State. In particular, the Board is specifically responsible for the approval of lease renewals for State agencies and by recent legislative action, the review of most State contracts prior to execution. Leases and contracts reviewed number more than 6,000 annually.

The Illinois Procurement Code (Code) (30 ILCS 500/5-30) has established a contract review process by which any proposed State contract that is bid or let through the Procurement Bulletin (which is the statutorily prescribed tool for bid letting) be reviewed over a 14-day time period. The Board may waive the 14-day requirement in order to expedite transactions, but this does not abdicate the Board's review authority.

Additionally, the Code (30 ILCS 500/15-30) requires the Board to maintain on its official website a searchable database containing all information required to be included in the Illinois Procurement Bulletin under §15-25(b), §15-25(c), §15-25(c-10), §15-25(c-15), and §50-41 of the Code. The posting of procurement information on the website is subject to the same posting as the online electronic bulletin.

From a programmatic standpoint, the Board's single mandate is the facilitation of procurement policy for the State. In an ongoing capacity, the Board is in communication with the Chief Procurement Officers and State Purchasing Officers for the purposes of policy review and development. In this context, the Board offers assistance in the way of standardized educational seminars for staff in need of foundation level procurement education. The seminars are structured in a format that allows procurement staff members to apply the coursework towards professional certification in this field.

The Board is governed by five members appointed one each by the four legislative leaders and the Governor. As of June 30, 2018, within the Board's operations there were five employees and the statutory authority to staff accordingly in order to manage the contract review requirements of the Code (30 ILCS 500/5-5(f)). Professional and support staff are subordinate to the Executive Director and all employees function under the direction of the Board.

PLANNING PROGRAM

Policy development is an ongoing function of the Board. When planning for some targeted project, the Executive Director and the Board members discuss cause, effect, timing, cost, and implementation issues involved. Board members meet monthly to discuss issues such as approving the Board's operational budget, authorizing the number of employees, and advising and recommending policies for the operation of the Board.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES BETWEEN FISCAL YEARS 2018 AND 2017

General Revenue Fund – 001

Personal Services

The decrease was due to the Board expending personal service expenditures from the Ordinary and Contingent Expenses line item during Fiscal Year 2018, instead of under the personal services line item. The Board did not receive an appropriation during Fiscal Year 2017 and only expended personal services costs authorized by a court order.

Ordinary and Contingent Expenses

The increase is due to the Board receiving an appropriation in Fiscal Year 2018 and not receiving one in Fiscal Year 2017 due to the budget impasse.

Budget Stabilization Fund – 686

Ordinary and Contingent Expenses

The decrease was due to the Board receiving an appropriation in Fiscal Year 2017 and not receiving one in Fiscal Year 2018. During Fiscal Year 2017, the Board was appropriated monies from the Budget Stabilization Fund due to a lack of appropriation from the General Revenue Fund during the budget impasse.

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

Budget Stabilization Fund – 686

Ordinary and Contingent Expenses

The increase was due to an appropriation from the Budget Stabilization Fund in Fiscal Year 2017. Because of the budget impasse, the Board did not receive any such appropriation in Fiscal Year 2016. The Board did not receive an appropriation during Fiscal Year 2017 and only expended personal services costs authorized by a court order.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

General Revenue Fund - 001

The Procurement Policy Board (Board) receives minimal receipts. The receipts consist of refunds, reimbursements for jury duty, and other recoveries. These receipts are expected to fluctuate between fiscal years. The Board received one receipt for an involuntary withholding during Fiscal Year 2017 and one receipt for jury duty in Fiscal Year 2016. There were no receipts collected by the Board during Fiscal Year 2018.

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

FISCAL YEAR 2018

There was no significant spending noted during the Fiscal Year 2018 Lapse Period.

FISCAL YEAR 2017

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

STATE OF ILLINOIS
 PROCUREMENT POLICY BOARD
BUDGET IMPASSE DISCLOSURES
 For the Two Years Ended June 30, 2018
 (NOT EXAMINED)

Payment of Prior Year Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized the Procurement Policy Board (Board) to pay Fiscal Year 2016 costs using the Board's Fiscal Year 2017 appropriations for non-payroll expenditures. In addition, Article 998 of Public Act 100-0021 authorized the Board to pay its unpaid Fiscal Year 2016 and Fiscal Year 2017 costs using either the Board's Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures. The following chart shows the Board's payments of its prior period costs using future appropriations:

FISCAL YEAR 2016 INVOICES

Fund #	Fund Name	Paid From Fiscal Year 2017 Appropriations		Paid From Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
001	General Revenue Fund	-	\$ -	49	\$ 28,362
686	Budget Stabilization Fund	32	24,966	-	-
		32	\$ 24,966	49	\$ 28,362

FISCAL YEAR 2017 INVOICES

Fund #	Fund Name	Paid From Fiscal Year 2017 Appropriations		Paid From Fiscal Year 2018 Appropriations	
		Number	Dollar Value	Number	Dollar Value
001	General Revenue Fund	0	\$ -	79	\$ 46,880
		0	\$ -	79	\$ 46,880

STATE OF ILLINOIS
PROCUREMENT POLICY BOARD
**ALTERNATIVE FINANCING IN LIEU OF APPROPRIATIONS AND
PROGRAMS TO ADDRESS UNTIMELY PAYMENTS TO VENDORS**
For the Two Years Ended June 30, 2018
(NOT EXAMINED)

Transactions Involving the Illinois Finance Authority

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

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

None of the Procurement Policy Board's vendors participated in the Vendor Payment Program (VPP) or the Vendor Support Initiative Program (VSI) during Fiscal Year 2017 or Fiscal Year 2018.

STATE OF ILLINOIS
 PROCUREMENT POLICY BOARD
INTEREST COSTS ON FISCAL YEAR 2017 INVOICES
 For the Two Years Ended June 30, 2018
 (NOT EXAMINED)

Prompt Payment Interest Costs

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

PROMPT PAYMENT INTEREST INCURRED

Year Ended June 30, 2017

Fund #	Fund Name	Invoices	Vendors	Dollar Value
686	Budget Stabilization Fund	18	9	\$ 1,914
		18	9	\$ 1,914

STATE OF ILLINOIS
 PROCUREMENT POLICY BOARD
AVERAGE NUMBER OF EMPLOYEES
 For the Two Years Ended June 30, 2018
 (NOT EXAMINED)

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Executive Director	1	1	1
Assistant Director	0	0	1
Chief Fiscal Officer	1	1	1
Procurement Analysis	1	1	1
Executive Assistant	<u>1</u>	<u>1</u>	<u>1</u>
 Total Average Employees	 <u>4</u>	 <u>4</u>	 <u>5</u>

STATE OF ILLINOIS
 PROCUREMENT POLICY BOARD
SERVICE EFFORTS AND ACCOMPLISHMENTS
 For the Two Years Ended June 30, 2018
 (NOT EXAMINED)

Pursuant to the Illinois Procurement Code (30 ILCS 500/5-30), no contract procured above the small purchases limit may be executed until 14 days after notice of its award or letting appears in the Illinois Procurement Bulletin, without the Procurement Policy Board (Board) having the opportunity to review the proposed contract. The contracting agency may request, and the Board may agree, to waive the 14-day period as necessary.

Board review occurs on proposed contracts that appear contrary to existing policy, contracts that are proposed under newly established policy, and contracts that are particularly unique and do not find a ready course through existing procurement policy.

The following schedule provides details on the State's contracting activity by procurement approach for the Fiscal Year Ended June 30,

	Fiscal Year		
	2018	2017	2016
Contracts by Procurement Approach			
Alternative Requests for Information (RFI) (Real Estate)	0	5	43
Amendment / Changes	1,417	1,719	2,080
Competitive Bid (such as Invitations for Bid (IFB) and Request for Proposal (RFP))	2,082	2,241	2,160
Emergency	99	109	127
Professional and Artistic Exception to RFP	41	87	48
Renewal	635	828	867
RFI Exempt (Real Estate)	0	0	0
Sole Source	340	496	705
State Use	<u>13</u>	<u>48</u>	<u>57</u>
Total by Procurement Approach	<u>4,627</u>	<u>5,533</u>	<u>6,087</u>

Note: The Board's previous examination report included additional details, including reviews initiated, information requests, and various other results. Because of a change in the Board's database and unsupported software, a breakdown of the various results is unable to be generated. The Board's current database provides only data by procurement approach, as reported above.