



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE COMPTROLLER
FISCAL OFFICER RESPONSIBILITIES

Financial Audit and Compliance Examination
 For the Year Ended June 30, 2019

Release Date: December 27, 2019

FINDINGS THIS AUDIT: 1	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2009	19-1		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- (19-1) The Office of the Comptroller did not make all statutorily mandated transfers between State funds within established timeframes, as required.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Expenditures and Activity Measures are summarized on next page.}

OFFICE OF THE STATE COMPTROLLER - STATE OF ILLINOIS
FISCAL OFFICER RESPONSIBILITIES
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION
For the Year Ended June 30, 2019

FUND BALANCE (Amounts in Thousands)	Fiscal Year 2019		Fiscal Year 2018	
	Cash Balance	Budgetary Balances*	Cash Balance	Budgetary Balances*
Appropriated Funds				
General Funds.....	\$ 465,639	\$ (5,713,124)	\$ 124,799	\$ (5,697,888)
Highway Funds.....	1,227,896	1,091,895	1,390,734	1,257,708
Special State Funds.....	4,258,889	1,686,438	3,530,193	740,130
Bond Financed Funds.....	1,329,947	1,291,496	1,371,633	1,306,979
Debt Service Funds.....	1,517,541	1,912,164	1,751,848	2,144,000
Federal Trust Funds.....	463,102	(150,513)	438,158	(171,785)
Revolving Funds.....	62,347	84,826	103,178	(16,492)
State Trust Funds.....	586,142	572,221	657,234	529,615
Sub-Total.....	\$ 9,911,503	\$ 775,403	\$ 9,367,777	\$ 92,267
Non-Appropriated Funds				
Federal Trust Funds.....	\$ 640	\$ 280	\$ 562	\$ 313
State Trust Funds.....	2,526,434	2,512,645	2,867,555	2,804,350
Sub-Total.....	\$ 2,527,074	\$ 2,512,925	\$ 2,868,117	\$ 2,804,663
GRAND TOTAL - ALL FUNDS.....	\$ 12,438,577	\$ 3,288,328	\$ 12,235,894	\$ 2,896,930

* Budgetary Balances represent balances remaining after reduction of Cash Balances at June 30 by lapse period transactions.

FINANCIAL HIGHLIGHTS (Amounts in Thousands)	FY 2019	FY 2018
Total Revenues - All Funds.....	\$ 163,642,058	\$ 171,829,376
Total Expenditures - All Funds.....	163,250,662	166,673,375
Net Change in Budgetary Fund Balance - All Funds.....	\$ 391,396	\$ 5,156,001

FINANCIAL HIGHLIGHTS (Not Examined)	FY 2019	FY 2018
Interest Vouchered on Late Vendor Payments		
Department of Central Management Services.....	\$ 61,016,123	\$ 442,618,235
Department of Central Management Services*.....	61,646,205	294,446,789
Department of Healthcare and Family Services.....	19,886,868	136,963,723
Department of Healthcare and Family Services*.....	1,495,403	-
Department of Corrections.....	11,442,336	83,845,955
Department of Corrections*.....	8,933,238	-
Department of Human Services.....	9,312,742	1,579,603
All Other.....	13,820,500	21,149,200
Total Interest Paid.....	\$ 187,553,415	\$ 980,603,505

* Late interest penalties pursuant to the provisions of the Group Health Insurance Code (215 ILCS 5/368a)

STATE COMPTROLLER

During Engagement Period: Honorable Susana Mendoza

Currently: Honorable Susana Mendoza

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**LATE PAYMENT OF STATUTORILY MANDATED
TRANSFERS**

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

Late payments made for inter-fund transfers totaling \$1.20 billion were made after June 30, 2019

The Office processed transfers from 31 to 448 days after the mandated transfer date. The late transfers outstanding as of and paid after June 30, 2019 totaled \$1.20 billion. The Office also made 196 late transfers, totaling \$2.60 billion, between State funds that were made between one and 30 days after the statutorily mandated transfer date. Lastly, we noted 301 late transfers, totaling \$1.972 billion, which were still outstanding as of October 23, 2019, relating to fiscal year 2018, fiscal year 2017, and fiscal year 2016. (Finding 1, pages 10-11) **This finding was first reported in 2009.**

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

Office accepts the recommendation

Office officials accepted the recommendation and stated the Office will continue in its efforts to make the required transfers to the extent possible given all the competing payments from limited resources in the state treasury. Unfortunately, due to continued fiscal circumstances that are outside of the control of the Comptroller's Office, this repeated finding is outgrowth from the fact that the state did not have a complete budget for two years and is still facing a significant backlog of bills in the billions. In order to manage under this dire fiscal situation, the Office must continue to engage in cash management strategies that can maximize the use of limited state funds while also attempting to minimize the consequences of not having enough resources to address various pending vouches and transfers held at the Office. Until the backlog is significantly reduced, the timeliness of lower prioritized transfers will continue to be an audit finding.

AUDITOR’S OPINION

The auditors stated the fund balances at June 30, 2019, and the revenues and expenditures for the year then ended relating to the State of Illinois, Office of the Comptroller - Fiscal Officer Responsibilities’ Traditional Budgetary Financial Report, are fairly presented in all material respects. The auditors noted the financial statements have been prepared on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The budgetary basis deficit of the General Funds increased by \$15 million during the fiscal year ended June 30, 2019. At June 30, 2019, the budgetary basis fund balance of the General Funds was a deficit of \$5.713 billion.

ACCOUNTANT’S OPINION

The accountants conducted a compliance examination of the Comptroller, Fiscal Officer Responsibilities for the year ended June 30, 2019, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2019-001. Except for the noncompliance described in this finding, the accountants stated the Comptroller complied, in all material respects, with the requirements described in the report.

This financial audit and compliance examination were conducted by Clifton Larson Allen LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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