
REPORT DIGEST

**DEPARTMENT OF
HEALTHCARE AND
FAMILY SERVICES -
LOCAL GOVERNMENT
HEALTH INSURANCE
RESERVE FUND**

FINANCIAL AUDIT

For the Year Ended:
June 30, 2009

Summary of Findings:

Total this audit: 1
Total prior audit: 1

Release Date:
May 11, 2010



State of Illinois
Office of the Auditor General
WILLIAM G. HOLLAND
AUDITOR GENERAL

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SYNOPSIS

- The Department's year-end financial reporting was not completed timely.

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
LOCAL GOVERNMENT HEALTH INSURANCE RESERVE FUND
FINANCIAL AUDIT
Year Ended June 30, 2009

FINANCIAL OPERATIONS (in thousands)	FY 2009
OPERATING REVENUES	
Charges for sales and services.....	\$ 54,820
Total operating revenues	<u>54,820</u>
OPERATING EXPENSES	
Benefit payments and refunds.....	54,551
Interest.....	2
Depreciation.....	3
General and administrative.....	<u>2,068</u>
Total operating expenses	<u>56,624</u>
Operating income (loss)	(1,804)
NONOPERATING REVENUES (EXPENSES)	
Interest and investment income.....	179
Other revenues.....	<u>168</u>
Income (loss) before contributions and transfers	(1,457)
Transfers-out.....	<u>(1,000)</u>
Change in net assets	(2,457)
Net assets, July 1, 2008.....	<u>7,229</u>
NET ASSETS, JUNE 30, 2009	<u>\$ 4,772</u>

SUPPLEMENTARY INFORMATION	FY 2009
Number of local governmental entities participating.....	458
Approximate number of employees covered.....	5,282
Approximate number of dependents covered.....	3,254
Approximate number of retirees covered.....	346

AGENCY DIRECTOR	
During Audit Period: Mr. Barry S. Maram (7/1/10 through 4/15/10)	
Currently: Ms. Julie Hamos (4/16/10 to current)	

INTRODUCTION

This digest covers the financial audit of the Local Government Health Insurance Reserve Fund for the year ended June 30, 2009. The financial audit report includes one significant deficiency in internal control finding.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

FINANCIAL STATEMENT PREPARATION

The Department's year-end financial reporting in accordance with generally accepted accounting principles (GAAP) to the Illinois Office of the Comptroller (Comptroller) was not completed timely for the Local Government Health Insurance Reserve Fund (Fund).

During our audit of the June 30, 2009 Fund's GAAP Reporting Package, we noted the GAAP Reporting Package was not submitted to the Comptroller in a timely manner. The GAAP Reporting Package was submitted to the Comptroller 12 days late. In addition, the Comptroller submitted to the Department review comments for the GAAP Reporting Package on September 28, 2009; however, the Department did not provide a response to those review comments until October 23, 2009. Further, the Fund's financial statements **were not** provided to the auditors **until** December 8, 2009, five months **after** the year end. (Finding 1, pages 19-20)

Financial statements completed five months after the year-end

We recommended the Department implement additional internal control procedures to ensure GAAP Reporting Packages are prepared in a timely manner.

Department agrees with auditors

Department officials concurred with our recommendation and stated that they are continually assessing the financial reporting process and implementing procedures to improve upon timeliness and accuracy. As an ongoing effort the Department continues to strive to meet the mandated deadlines, which resulted in the GAAP Reporting Package being submitted in a more timely manner than in prior years.

AUDITORS' OPINION

Our auditors state the financial statements of the Local Government Health Insurance Reserve Fund as of June 30, 2009, are fairly presented in all material respects.

WILLIAM G. HOLLAND, Auditor General

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AUDITORS ASSIGNED

This audit was performed by the staff of the Office of the Auditor General.