



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**OFFICE OF THE COMPTROLLER**  
**FISCAL OFFICER RESPONSIBILITIES**

Financial Audit and Compliance Examination  
 For the Year Ended June 30, 2014

Release Date: December 18, 2014

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>	2009			1
Category 2:	0	0	0				
Category 3:	0	1	1				
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>				
<b>FINDINGS LAST AUDIT: 1</b>							

**INTRODUCTION**

This digest covers our financial audit and compliance examination of the State of Illinois, Office of the Comptroller – Fiscal Officer Responsibilities for the year ended June 30, 2014.

**SYNOPSIS**

- (14-01) The State of Illinois, Office of the Comptroller did not make all statutorily mandated transfers from the General Revenue Fund 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.

{Financial information is 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, 2014**

FUND BALANCE (Amounts in Thousands)	Fiscal Year 2014		Fiscal Year 2013	
	Cash Balance	Budgetary Balances*	Cash Balance	Budgetary Balances*
<b>Appropriated Funds</b>				
General Funds.....	\$ 73,611	\$ (3,930,625)	\$ 154,038	\$ (3,988,362)
Highway Funds.....	1,344,740	1,211,413	1,171,801	1,032,704
Special State Funds.....	3,341,178	1,851,753	3,671,234	2,464,433
Bond Financed Funds.....	2,675,984	2,675,755	855,804	842,556
Debt Service Funds.....	1,637,687	1,889,331	1,507,743	1,472,564
Federal Trust Funds.....	293,229	(243,954)	281,008	(358,896)
Revolving Funds.....	77,682	46,391	98,952	34,001
State Trust Funds.....	559,003	487,927	505,364	402,437
<b>Sub-Total.....</b>	<b>\$ 10,003,114</b>	<b>\$ 3,987,991</b>	<b>\$ 8,245,944</b>	<b>\$ 1,901,437</b>
<b>Non-Appropriated Funds</b>				
Federal Trust Funds.....	\$ 801	\$ (19,115)	\$ 8,625	\$ 822
State Trust Funds.....	1,814,442	1,746,648	1,844,785	1,813,078
<b>Sub-Total.....</b>	<b>\$ 1,815,243</b>	<b>\$ 1,727,533</b>	<b>\$ 1,853,410</b>	<b>\$ 1,813,900</b>
<b>GRAND TOTAL - ALL FUNDS.....</b>	<b>\$ 11,818,357</b>	<b>\$ 5,715,524</b>	<b>\$ 10,099,354</b>	<b>\$ 3,715,337</b>

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

FINANCIAL HIGHLIGHTS (Amounts in Thousands)	FY 2014	FY 2013
Total Revenues - All Funds.....	\$ 138,393,729	\$ 126,796,450
Total Expenditures - All Funds.....	136,393,542	126,138,747
Net Change in Budgetary Fund Balance - All Funds.....	<u>\$ 2,000,187</u>	<u>\$ 657,703</u>

FINANCIAL HIGHLIGHTS (Not Examined)	FY 2014	FY 2013
<b>Interest Paid on Late Vendor Payments</b>		
Department of Central Management Services.....	\$ 43,076,203	\$ 177,134
Department of Healthcare and Family Services.....	11,848,432	80,711,836
Department of Corrections .....	516,731	742,259
Court of Claims.....	280,986	696,794
All Other.....	419,554	157,526,772
<b>Total Interest Paid.....</b>	<u>\$ 56,141,906</u>	<u>\$ 239,854,795</u>

**STATE COMPTROLLER**

During Engagement Period: Honorable Judy Baar Topinka

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**LATE PAYMENT OF STATUTORILY MANDATED TRANSFERS**

The Office of the Comptroller did not make all transfers from the General Revenue Fund within the established timeframes, as required.

**Late payments made for inter-fund transfers totaling \$865 million were made after June 30, 2014**

The Office of the Comptroller processed transfers from 31 to 443 days after the mandated transfer date. The late transfers outstanding as of and paid after June 30, 2014 totaled \$865 million. Failure to make inter-fund transfers within applicable timeframes is in noncompliance with State law and might result in delayed use of appropriated funds.

**Late payments due to cash management decisions**

Comptroller officials stated the late payment of transfers occurred because of cash management decisions and prioritization due to the lack of available cash in the State Treasury. Further, some statutory provisions relating to transfers contain language such as “as soon as possible.” (Finding 1, pages 9-10) **This finding was first reported in 2009.**

**Office accepts the recommendation**

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

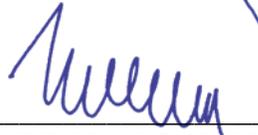
Comptroller officials accepted the recommendation and stated taking into account the financial condition of State funds, they will continue to make transfers in the timeliest manner possible. (For previous response, see Digest Footnote #1)

**AUDITORS’ OPINION**

We conducted a compliance examination of the Comptroller's Fiscal Officer Responsibilities for the year ended June 30, 2014 as required by the Illinois State Auditing Act.

Our auditors stated the fund balances at June 30, 2014, 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 decreased by \$58 million during the fiscal year ended June 30, 2014. At June 30, 2014, the budgetary basis fund balance of the General Funds was a deficit of \$3,930,625,421.



---

WILLIAM G. HOLLAND  
Auditor General

WGH:PH

**SPECIAL ASSISTANT AUDITORS**

CliftonLarsenAllen LLP were our Special Assistant Auditors for this engagement.

**DIGEST FOOTNOTES**

**#1 - LATE PAYMENT OF STATUTORILY MANDATED TRANSFERS**

2013: Comptroller officials accepted the recommendation and stated taking into account the financial condition of State funds the Office would continue its efforts to make transfers in the timeliest manner possible.