



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, 2015

Release Date: December 30, 2015

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>
Category 1:	0	1	1	2009	15-1		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- **(15-1)** The State of Illinois, 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.

{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, 2015

FUND BALANCE (Amounts in Thousands)	Fiscal Year 2015		Fiscal Year 2014	
	Cash Balance	Budgetary Balances*	Cash Balance	Budgetary Balances*
Appropriated Funds				
General Funds.....	\$ 621,418	\$ (2,899,727)	\$ 73,611	\$ (3,930,625)
Highway Funds.....	1,422,703	1,255,654	1,344,740	1,211,413
Special State Funds.....	2,845,232	737,879	3,341,178	1,851,753
Bond Financed Funds.....	551,986	449,446	2,675,984	2,675,755
Debt Service Funds.....	1,232,045	1,559,406	1,637,687	1,889,331
Federal Trust Funds.....	359,731	(154,452)	293,229	(243,954)
Revolving Funds.....	94,279	96,955	77,682	46,391
State Trust Funds.....	387,510	267,460	559,003	487,927
Sub-Total.....	\$ 7,514,904	\$ 1,312,621	\$ 10,003,114	\$ 3,987,991
Non-Appropriated Funds				
Federal Trust Funds.....	\$ 5,878	\$ 485	\$ 801	\$ (19,115)
State Trust Funds.....	1,928,408	1,915,533	1,814,442	1,746,648
Sub-Total.....	\$ 1,934,286	\$ 1,916,018	\$ 1,815,243	\$ 1,727,533
GRAND TOTAL - ALL FUNDS.....	\$ 9,449,190	\$ 3,228,639	\$ 11,818,357	\$ 5,715,524

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

FINANCIAL HIGHLIGHTS (Amounts in Thousands)	FY 2015	FY 2014
Total Revenues - All Funds.....	\$ 144,945,463	\$ 138,393,729
Total Expenditures - All Funds.....	147,432,348	136,393,542
Net Change in Budgetary Fund Balance - All Funds.....	<u>\$ (2,486,885)</u>	<u>\$ 2,000,187</u>

FINANCIAL HIGHLIGHTS (Not Examined)	FY 2015	FY 2014
Interest Paid on Late Vendor Payments		
Department of Central Management Services.....	\$ 38,988,336	\$ 43,076,203
Department of Healthcare and Family Services.....	8,111,239	11,848,432
Department of Corrections	865,759	516,731
Court of Claims.....	887,770	280,986
All Other.....	640,577	419,554
Total Interest Paid.....	\$ 49,493,681	\$ 56,141,906

STATE COMPTROLLER

During Engagement Period: Leslie Geissler Munger (effective January 12, 2015), Jerome Stermer (December 19, 2014 to January 11, 2015), Judy Baar Topinka (through December 10, 2014)

Currently: Leslie Geissler Munger

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**LATE PAYMENT OF STATUTORILY MANDATED
TRANSFERS**

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

Late payments made for inter-fund transfers totaling \$1.64 billion were made after June 30, 2015

The Office of the Comptroller processed transfers from 31 to 459 days after the mandated transfer date. The late transfers outstanding as of and paid after June 30, 2015 totaled \$1.64 billion. 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.**

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.

Office accepts the recommendation

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.)*

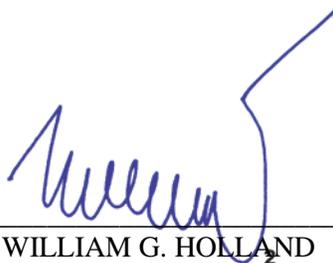
AUDITOR’S OPINION

Our auditors stated the fund balances at June 30, 2015, 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 Revenue Fund decreased by \$1.031 billion during the fiscal year ended June 30, 2015. At June 30, 2015, the budgetary basis fund balance of the General Funds was a deficit of \$2.900 billion.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Comptroller's Fiscal Officer Responsibilities for the year ended June 30, 2015, as required by the Illinois State Auditing Act. The auditors qualified their report on State compliance for Finding 2015-001. 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.



A handwritten signature in blue ink, appearing to read 'William G. Holland', is positioned above a horizontal line.

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

2014: 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.