



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, 2016

Release Date: December 29, 2016

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>1</b>	<b>1</b>	2009	<b>16-1</b>		
Category 2:	0	0	0				
Category 3:	0	0	0				
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>				
<b>FINDINGS LAST AUDIT: 1</b>							

**SYNOPSIS**

- **(16-1)** 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, 2016**

<b>FUND BALANCE</b> <b>(Amounts in Thousands)</b>	<b>Fiscal Year 2016</b>		<b>Fiscal Year 2015</b>	
	<b>Cash Balance</b>	<b>Budgetary Balances*</b>	<b>Cash Balance</b>	<b>Budgetary Balances*</b>
<b>Appropriated Funds</b>				
General Funds.....	\$ 245,530	\$ (3,543,091)	\$ 621,418	\$ (2,899,727)
Highway Funds.....	1,683,666	1,255,769	1,422,703	1,255,654
Special State Funds.....	4,067,761	2,226,641	2,845,232	743,793
Bond Financed Funds.....	798,687	755,347	551,986	449,446
Debt Service Funds.....	1,345,890	1,600,848	1,232,045	1,559,406
Federal Trust Funds.....	344,663	(200,624)	359,731	(160,366)
Revolving Funds.....	174,608	(58,960)	94,279	96,955
State Trust Funds.....	560,999	376,100	387,510	153,906
<b>Sub-Total.....</b>	<b>\$ 9,221,804</b>	<b>\$ 2,412,030</b>	<b>\$ 7,514,904</b>	<b>\$ 1,199,067</b>
<b>Non-Appropriated Funds</b>				
Federal Trust Funds.....	\$ 747	\$ (450)	\$ 5,878	\$ 485
State Trust Funds.....	2,475,849	2,423,672	1,928,408	2,029,086
<b>Sub-Total.....</b>	<b>\$ 2,476,596</b>	<b>\$ 2,423,222</b>	<b>\$ 1,934,286</b>	<b>\$ 2,029,571</b>
<b>GRAND TOTAL - ALL FUNDS.....</b>	<b>\$ 11,698,400</b>	<b>\$ 4,835,252</b>	<b>\$ 9,449,190</b>	<b>\$ 3,228,638</b>

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

<b>FINANCIAL HIGHLIGHTS (Amounts in Thousands)</b>	<b>FY 2016</b>	<b>FY 2015</b>
Total Revenues - All Funds.....	\$ 137,590,921	\$ 144,945,463
Total Expenditures - All Funds.....	135,984,308	147,432,348
Net Change in Budgetary Fund Balance - All Funds.....	<u>\$ 1,606,613</u>	<u>\$ (2,486,885)</u>

<b>FINANCIAL HIGHLIGHTS (Not Examined)</b>	<b>FY 2016</b>	<b>FY 2015</b>
<b>Interest Paid on Late Vendor Payments</b>		
Department of Healthcare and Family Services.....	\$ 7,080,771	\$ 8,111,239
Department of Central Management Services.....	3,734,740	38,988,336
Department of Transportation.....	1,917,564	36,055
Department of Corrections .....	567,063	865,759
All Other.....	2,871,554	1,492,292
<b>Total Interest Paid.....</b>	<b>\$ 16,171,692</b>	<b>\$ 49,493,681</b>

**STATE COMPTROLLER**

During Engagement Period: Susana Mendoza (effective December 5, 2016), Leslie Geissler Munger (through December 4, 2016)

Currently: Susana Mendoza

**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 \$1.51 billion were made after June 30, 2016**

The Office of the Comptroller processed transfers from 31 to 449 days after the mandated transfer date. The late transfers outstanding as of and paid after June 30, 2016 totaled \$1.51 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, 2016, 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 increased by \$643 million during the fiscal year ended June 30, 2016. At June 30, 2016, the budgetary basis fund balance of the General Funds was a deficit of \$3.543 billion.

## **ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the Comptroller's Fiscal Officer Responsibilities for the year ended June 30, 2016, as required by the Illinois State Auditing Act. The auditors qualified their report on State compliance for Finding 2016-001. 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.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

FJM:PH

## **SPECIAL ASSISTANT AUDITORS**

CliftonLarsenAllen LLP were our Special Assistant Auditors for this engagement.

## **DIGEST FOOTNOTES**

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

2015: 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.