



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, 2017

Release Date: December 21, 2017

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>17-1</b>		
<b>Category 2:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>Category 3:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>				
<b>FINDINGS LAST AUDIT: 1</b>							

**SYNOPSIS**

- **(17-1)** 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, 2017**

<b>FUND BALANCE (Amounts in Thousands)</b>	<b>Fiscal Year 2017</b>		<b>Fiscal Year 2016</b>	
	<b>Cash Balance</b>	<b>Budgetary Balances*</b>	<b>Cash Balance</b>	<b>Budgetary Balances*</b>
<b>Appropriated Funds</b>				
General Funds.....	\$ 1,077,405	\$ (7,984,203)	\$ 245,530	\$ (3,543,091)
Highway Funds.....	1,796,228	1,623,614	1,683,666	1,255,769
Special State Funds.....	3,257,053	(1,207,399)	4,067,761	2,226,641
Bond Financed Funds.....	541,166	536,011	798,687	755,347
Debt Service Funds.....	1,410,644	1,645,797	1,345,890	1,600,848
Federal Trust Funds.....	391,918	(153,505)	344,663	(200,624)
Revolving Funds.....	223,974	3,842	174,608	(58,960)
State Trust Funds.....	1,003,566	928,968	560,999	376,100
<b>Sub-Total.....</b>	<b>\$ 9,701,954</b>	<b>\$ (4,606,875)</b>	<b>\$ 9,221,804</b>	<b>\$ 2,412,030</b>
<b>Non-Appropriated Funds</b>				
Federal Trust Funds.....	\$ 1,382	\$ 1,026	\$ 747	\$ (450)
State Trust Funds.....	2,257,920	2,346,780	2,475,849	2,423,672
<b>Sub-Total.....</b>	<b>\$ 2,259,302</b>	<b>\$ 2,347,806</b>	<b>\$ 2,476,596</b>	<b>\$ 2,423,222</b>
<b>GRAND TOTAL - ALL FUNDS.....</b>	<b>\$ 11,961,256</b>	<b>\$ (2,259,069)</b>	<b>\$ 11,698,400</b>	<b>\$ 4,835,252</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 2017</b>	<b>FY 2016</b>
Total Revenues - All Funds.....	\$ 139,917,745	\$ 137,590,921
Total Expenditures - All Funds.....	147,012,067	135,984,308
Net Change in Budgetary Fund Balance - All Funds.....	<u>\$ (7,094,322)</u>	<u>\$ 1,606,613</u>

<b>FINANCIAL HIGHLIGHTS (Not Examined)</b>	<b>FY 2017</b>	<b>FY 2016</b>
<b>Interest Vouchered on Late Vendor Payments</b>		
Department of Central Management Services.....	\$ 57,496,444	\$ 3,734,740
Department of Central Management Services*.....	97,133,951	-
Department of Healthcare and Family Services.....	25,398,599	7,080,771
Department of Aging.....	18,666,326	780
Department of Innovation and Technology.....	9,074,016	-
State Board of Education.....	3,807,525	54,380
Department of Transportation.....	2,150,499	1,917,564
All Other.....	4,976,045	3,383,457
<b>Total Interest Paid.....</b>	<b>\$ 218,703,405</b>	<b>\$ 16,171,692</b>

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

**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 \$2.14 billion were made after June 30, 2017**

The Office of the Comptroller processed transfers from 31 to 479 days after the mandated transfer date. The late transfers outstanding as of and paid after June 30, 2017 totaled \$2.14 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 a manner as possible.

**Office accepts the recommendation**

Comptroller officials accepted the recommendation and stated taking into account the financial condition of State funds facing at times a \$16 billion backlog, they will continue efforts to make the required transfers to the extent possible given all the competing payments from limited resources in the State Treasury. (*For previous response, see Digest Footnote #1.*)

### AUDITOR’S OPINION

The auditors stated the fund balances at June 30, 2017, 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 \$4.441 billion during the fiscal year ended June 30, 2017. At June 30, 2016, the budgetary basis fund balance of the General Funds was a deficit of \$7.984 billion.

**ACCOUNTANT’S OPINION**

The accountants conducted a compliance examination of the Comptroller's Fiscal Officer Responsibilities for the year ended June 30, 2017 as required by the Illinois State Auditing Act. The auditors qualified their report on State compliance for Finding 2017-001. 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 was conducted by CliftonLarsonAllen 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

FJM:PH

**DIGEST FOOTNOTES**

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

2016: The Office accepts the recommendation. Taking into account the financial condition of State funds, the Office will continue in its efforts to make transfers in the timeliest manner possible.