



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, 2018

Release Date: December 27, 2018

FINDINGS THIS AUDIT: 1	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2009	18-1		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- **(18-1)** The 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.

{Expenditures and Activity Measures are 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, 2018

FUND BALANCE (Amounts in Thousands)	Fiscal Year 2018		Fiscal Year 2017	
	Cash Balance	Budgetary Balances*	Cash Balance	Budgetary Balances*
Appropriated Funds				
General Funds.....	\$ 124,799	\$ (5,697,888)	\$ 1,368,128	\$ (7,963,075)
Highway Funds.....	1,390,734	1,257,708	1,796,228	1,623,614
Special State Funds.....	3,530,193	740,130	2,966,330	(1,199,238)
Bond Financed Funds.....	1,371,633	1,306,979	541,166	536,011
Debt Service Funds.....	1,751,848	2,144,000	1,410,644	1,645,797
Federal Trust Funds.....	438,158	(171,785)	391,918	(182,434)
Revolving Funds.....	103,178	(16,492)	223,974	3,842
State Trust Funds.....	657,234	529,615	1,003,566	1,291,710
Sub-Total.....	\$ 9,367,777	\$ 92,267	\$ 9,701,954	\$ (4,243,773)
Non-Appropriated Funds				
Federal Trust Funds.....	\$ 562	\$ 313	\$ 1,382	\$ 664
State Trust Funds.....	2,867,555	2,804,350	2,257,920	1,984,038
Sub-Total.....	\$ 2,868,117	\$ 2,804,663	\$ 2,259,302	\$ 1,984,702
GRAND TOTAL - ALL FUNDS.....	\$ 12,235,894	\$ 2,896,930	\$ 11,961,256	\$ (2,259,071)

* Budgetary Balances represent balances remaining after reduction of Cash Balances at June 30 by lapse period transactions. Beginning with Fiscal Year 2018 (pursuant to Public Act 100-0023) the number of funds that make up the State's General Fund was expanded from four to seven.

FINANCIAL HIGHLIGHTS (Amounts in Thousands)	FY 2018	FY 2017
Total Revenues - All Funds.....	\$ 171,829,376	\$ 139,917,745
Total Expenditures - All Funds.....	166,673,375	147,012,067
Net Change in Budgetary Fund Balance - All Funds.....	\$ 5,156,001	\$ (7,094,322)

FINANCIAL HIGHLIGHTS (Not Examined)	FY 2018	FY 2017
Interest Vouchered on Late Vendor Payments		
Department of Central Management Services.....	\$ 442,618,235	\$ 57,496,444
Department of Central Management Services*.....	294,446,789	97,133,951
Department of Healthcare and Family Services.....	136,963,723	25,398,599
Department of Corrections.....	83,845,955	614,355
Department of Innovation and Technology.....	7,099,707	9,074,016
Department on Aging.....	3,216,058	18,666,326
Department of State Police.....	2,568,414	750,661
All Other.....	9,844,624	9,569,053
Total Interest Paid.....	\$ 980,603,505	\$ 218,703,405

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

STATE COMPTROLLER

During Engagement Period: Honorable Susana Mendoza

Currently: Honorable Susana Mendoza

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**LATE PAYMENT OF STATUTORILY MANDATED
TRANSFERS**

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

Late payments made for inter-fund transfers totaling \$1.14 billion were made after June 30, 2018

The Office processed transfers from 31 to 447 days after the mandated transfer date. The late transfers outstanding as of and paid after June 30, 2018 totaled \$1.14 billion. The Office also made 193 late transfers, totaling \$2.48 billion, between State funds that were made between one and 30 days after the statutorily mandated transfer date. Lastly, we noted 282 late transfers, totaling \$1.306 billion, which were still outstanding as of November 13, 2018, relating to fiscal year 2017 and fiscal year 2016. (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 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 the Office will continue in its efforts to make the required transfers to the extent possible given all the competing payments from limited resources in the state treasury. Unfortunately, due to continued fiscal circumstances that are outside of the control of the Comptroller's Office, this repeated finding is outgrowth from the fact that the state did not have a complete budget for two years and is still facing a significant backlog of bills in the billions. In order to manage under this dire fiscal situation, the Office must continue to engage in cash management strategies that can maximize the use of limited state funds while also attempting to minimize the consequences of not having enough resources to address various pending vouches and transfers held at the Office. Until the backlog is adequately addressed, it will linger for several months and years to come. (*For previous response, see Digest Footnote #1.*)

AUDITOR'S OPINION

The auditors stated the fund balances at June 30, 2018, 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 \$2.265 billion during the fiscal year ended June 30, 2018. At June 30, 2018, the budgetary basis fund balance of the General Funds was a deficit of \$5.698 billion.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the Comptroller, Fiscal Officer Responsibilities for the year ended June 30, 2018, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2018-001. 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 were 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

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DIGEST FOOTNOTE

#1 -LATE PAYMENT OF STATUTORILY MANDATED TRANSFERS

2017: The Office accepts the recommendation. Taking into account the financial condition of state funds facing at times a \$16 billion bill backlog, the Office will continue in its efforts to make she required transfers to the extent possible given all the competing payments from limited resources in the state treasury.