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OFFICE OF THE AUDITOR GENERAL  
WILLIAM G. HOLLAND

### REPORT DIGEST

**ILLINOIS DEVELOPMENT FINANCE AUTHORITY  
FINANCIAL AND COMPLIANCE AUDIT  
(In accordance with the Single Audit Act of  
1984 and OMB Circular A-128)  
For The Year Ended June 30, 1992**

#### SYNOPSIS

- The Authority had not obtained the required progress reports, project completion notices, and project audit reports to allow proper review of all grant expenditures
- The Authority did not record or reconcile financial information in its general ledger accounts on a timely basis. As a result, transactions totalling approximately \$175,000 went unrecorded for four months until the reconciliations were completed.

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### FAILURE TO OBTAIN NECESSARY REPORTS

The Authority had not obtained the required progress reports, project completion notices, and project audit reports to allow proper review of all grant expenditures. The review of grant fund expenditures is necessary to ensure funds are being spent as intended. If grant funds are not reviewed, inappropriate expenditures will not be disclosed. (Finding 1, page 7)

The Authority agreed with our recommendation that all necessary reports be obtained and stated that they have contacted the grantees involved.

### UNTIMELY RECONCILIATIONS AND RECORDING OF TRANSACTIONS

The Authority did not record or reconcile financial information in its general ledger account balances on a timely basis.

As of June 30, 1992, Authority personnel could not reconcile certain general ledger account balances until over four months after the fiscal year ended. Reconciliations of the cash, accounts payable, and related expenditure balances were not completed until mid November of 1992. General cash account transactions totalling \$51,434 and liabilities and related expenses totalling \$123,665 went unrecorded until the reconciliations were completed. Authority personnel cited computer breakdowns as the initial cause of this problem.

Good accounting controls require the timely recording of transactions and reconciling of general ledger account balances. (Finding 3, page 9)

Authority officials accepted our recommendation to implement procedures to ensure the timely completion of reconciliations and recording of transactions.

### OTHER FINDINGS

The remaining findings are less significant and have been given appropriate attention by the Authority. We will review the Authority's progress towards the implementation of our recommendations in our next compliance audit.

Authority responses were provided by Mr. Edward Czadowski, Treasurer of the Authority and Chairman of the Authority's Audit Committee.

**AUDITORS' OPINION**

Our auditors stated that the June 30, 1992 financial statements of the Illinois Development Finance Authority are fairly presented.



WILLIAM G. HOLLAND, Auditor General

WGW:WLB:dh  
September 2, 1993

**SUMMARY OF AUDIT FINDINGS**

<u>Number of</u>	<u>Current Audit</u>	<u>Prior Audit</u>
Audit findings	8	18
Repeated audit findings	4	15
Prior recommendations implemented or not repeated	14	12

**SPECIAL ASSISTANT AUDITORS**

Wolf & Co. were our special assistant auditors on this engagement.