



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

GOVERNOR’S OFFICE OF MANAGEMENT AND BUDGET

Compliance Examination
 For the Two Years Ended June 30, 2015

Release Date: April 21, 2016

FINDINGS THIS AUDIT: 2	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2011		15-1	
Category 2:	1	1	2				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	1	1	2				
FINDINGS LAST AUDIT: 3							

SYNOPSIS

- (15-1) The Office submitted inaccurate “Reports of Receipts and Disbursements for Locally Held Funds” to the Office of the State Comptroller.
- (15-2) The Office did not maintain adequate controls over monthly appropriation reconciliations.

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.}

**GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET
COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2015**

EXPENDITURE STATISTICS	2015	2014	2013
Total Expenditures.....	\$ 503,340,016	\$ 455,340,685	\$ 1,045,459,362
OPERATIONS TOTAL.....	\$ 3,500,958	\$ 3,420,574	\$ 3,342,176
% of Total Expenditures.....	0.7%	0.8%	0.3%
Personal Services.....	1,266,858	1,423,228	1,363,491
Other Payroll Costs (FICA, Retirement).....	92,455	104,164	100,989
All Other Operating Expenditures.....	2,141,645	1,893,182	1,877,696
DEBT SERVICE.....	\$ 499,839,058	\$ 451,920,111	\$ 1,042,117,186
% of Total Expenditures.....	99.3%	99.2%	99.7%
Total Receipts.....	\$ 58,249,558	\$ 63,839,548	\$ 59,199,338
Average Number of Employees (Not Examined).....	66	59	45

SELECTED ACTIVITY MEASURES (Not Examined)	2015	2014	2013
General Obligation Bonds Issued.....	\$ -	\$ 3,675,000,000	\$ 850,000,000
Build Illinois Bonds Issued.....	-	402,000,000	904,110,000
Total Bonds and Certificates Issued.....	<u>\$ -</u>	<u>\$ 4,077,000,000</u>	<u>\$ 1,754,110,000</u>

AGENCY DIRECTOR	
During Examination Period:	Mr. Jerome Stermer (4/12 - 12/14) Mr. Ben Winick (12/14 - 1/15) Mr. Tim Nuding (1/15 - Present)
Currently:	Mr. Tim Nuding

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

INACCURATE LOCALLY HELD FUND REPORTS

The Governor’s Office of Management and Budget (Office) did not submit accurate “Report of Receipts and Disbursements for Locally Held Funds” (C-17) reports to the Office of the State Comptroller. We noted the following:

Discrepancies noted on locally held fund reports

- Seven of 56 (13%) C-17s filed reported incorrect amounts, ranging from \$5,657 to \$26,646,526.
- Eleven of 24 (46%) monthly disclosures on the Office’s website reported incorrect amounts, ranging from \$53 to \$83,634,346. (Finding 1, pages 9-10) **This finding was first reported in 2011.**

Discrepancies noted on website disclosures

We recommended the Office implement procedures to review all C-17 reports for accuracy prior to submission to the State Comptroller. Also, we recommended the Office implement procedures to review all monthly disclosures for accuracy prior to posting on the Office’s website.

Agency officials agree with auditors

Office personnel agreed with our recommendation and stated they have fully implemented corrective action to resolve the finding. (*For the previous Office response, see Digest Footnote #1.*)

INADEQUATE CONTROLS OVER MONTHLY RECONCILIATIONS

The Office is responsible for reconciling fourteen appropriations each month. The Office did not have adequate controls over monthly appropriation reconciliations. We noted the following:

Reconciling items not identified

- 9 of 40 (23%) reconciliations were not properly completed whereby reconciling items were not identified.

Reconciliations not fully documented timely

- 26 of 40 (65%) reconciliations completed during the examination period were not fully documented timely. The documentation for the reconciliations was compiled between 40 and 140 days after the close of the reconciling month.

No evidence of review

- Testing of the reconciliations during Fiscal Years 2014 and 2015 did not show documentation of the date or sign off by the reviewer of the reconciliations. (Finding 2, pages 11-12)

We recommended the Office timely and properly prepare and document expenditure and appropriation reconciliations and document the supervisory review as required by the Statewide Accounting Management System.

Agency officials agree with auditors

Office personnel agreed with our recommendation and stated they have fully implemented corrective action to resolve the finding.

ACCOUNTANT’S OPINION

We conducted a compliance examination of the Governor’s Office of Management and Budget as required by the Illinois State Auditing Act. The accountants stated the Office complied, in all material respects, with the requirements described in the report.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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SPECIAL ASSISTANT AUDITORS

Our Special Assistant Auditors for this examination were West & Company, LLC.

DIGEST FOOTNOTES

#1 – Inaccurate locally held fund reports – Previous Agency Response

2013 – We concur with the auditor’s recommendation. Currently an Office analyst prepares the C-17 reports, but a manager will review and approve these reports prior to their submission to the Office of the Comptroller. Each of these mistakes was corrected in the subsequent quarter or at the end of the fiscal year during the GAAP package preparation.