



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS POWER AGENCY**

Financial Audit and Compliance Examination  
For the Year Ended June 30, 2015

Release Date: December 30, 2015

| FINDINGS THIS AUDIT: 1 | AGING SCHEDULE OF REPEATED FINDINGS |          |          |                |            |            |            |
|------------------------|-------------------------------------|----------|----------|----------------|------------|------------|------------|
|                        | New                                 | Repeat   | Total    | Repeated Since | Category 1 | Category 2 | Category 3 |
| Category 1:            | 0                                   | 1        | 1        | 2009           | 15-1       |            |            |
| Category 2:            | 0                                   | 0        | 0        |                |            |            |            |
| Category 3:            | 0                                   | 0        | 0        |                |            |            |            |
| <b>TOTAL</b>           | <b>0</b>                            | <b>1</b> | <b>1</b> |                |            |            |            |

FINDINGS LAST AUDIT: 9

**SYNOPSIS**

- **(15-1)** A Resource Development Bureau was not established within the Agency as required by the Illinois Power Agency Act.

**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 and Activity Measures are summarized on next page.}

**ILLINOIS POWER AGENCY  
FINANCIAL AUDIT and COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2015**

| <b>EXPENDITURE STATISTICS</b>                                | <b>2015</b>         | <b>2014</b>         |
|--|---------------------|---------------------|
| <b>Total Expenditures.....</b>                               | <b>\$ 3,847,036</b> | <b>\$ 3,873,394</b> |
| OPERATIONS TOTAL.....  | \$ 3,847,036        | \$ 3,873,394        |
| % of Total Expenditures.....                                 | 100.0%              | 100.0%              |
| Interfund Cash Transfers.....                                | 1,200,460           | 914,900             |
| Ordinary and Contingent Expenses of the Agency.....          | 1,822,959           | 1,239,352           |
| Purchase of Renewable Energy Credits.....                    | 823,617             | 1,719,142           |
| <b>Total Receipts.....</b>                                   | <b>\$ 2,276,005</b> | <b>\$ 2,138,662</b> |
| <b>Average Number of Employees (Not Examined).....</b>       | <b>6</b>            | <b>6</b>            |
| <b>NONSHARED GOVERNMENTAL FUNDS (in thousands)</b>           | <b>2015</b>         | <b>2014</b>         |
| <b>Illinois Power Agency Operations Fund</b>                 |                     |                     |
| Revenues.....  | \$ 932              | \$ 1,556            |
| Expenditures.....  | 1,995               | 1,380               |
| Other sources(uses) of financial resources.....              | 1,063               | 915                 |
| Net change in fund balance.....                              | <u>\$ -</u>         | <u>\$ 1,091</u>     |
| Assets.....  | \$ 7,298            | \$ 7,897            |
| Liabilities and deferred inflows of resources.....           | 618                 | 1,217               |
| Fund balance.....  | <u>\$ 6,680</u>     | <u>\$ 6,680</u>     |
| <b>Illinois Power Agency Renewable Energy Resources Fund</b> |                     |                     |
| Revenues.....  | \$ 76,064           | \$ 77,044           |
| Expenditures.....  | 815                 | 1,622               |
| Other sources(uses) of financial resources.....              | (98,000)            | -                   |
| Net change in fund balance.....                              | <u>\$ (22,751)</u>  | <u>\$ 75,422</u>    |
| Assets.....  | \$ 117,304          | \$ 129,684          |
| Liabilities and deferred inflows of resources.....           | 18,822              | 8,451               |
| Fund balance.....  | <u>\$ 98,482</u>    | <u>\$ 121,233</u>   |
| <b>Illinois Power Agency Trust Fund</b>                      |                     |                     |
| Revenues.....  | \$ 1,555            | \$ 5,034            |
| Expenditures.....  | -                   | 2                   |
| Other sources(uses) of financial resources.....              | (1,063)             | (915)               |
| Net change in fund balance.....                              | <u>\$ 492</u>       | <u>\$ 4,117</u>     |
| Assets.....  | \$ 34,177           | \$ 33,789           |
| Liabilities and deferred inflows of resources.....           | 1,063               | 1,167               |
| Nonspendable fund balance.....                               | <u>\$ 33,114</u>    | <u>\$ 32,622</u>    |
| <b>RESIDENTIAL CUSTOMERS (Not Examined)</b>                  | <b>May 2015</b>     | <b>May 2014</b>     |
| <b>FIXED RATE SUPPLY</b>                                     |                     |                     |
| ComEd Region.....  | 1,321,677           | 1,075,353           |
| Ameren Region.....   | 435,473             | 371,178             |
| <b>AGENCY DIRECTOR</b>                                       |                     |                     |
| During Examination Period: Anthony Star                      |                     |                     |
| Currently: Anthony Star                                      |                     |                     |

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**FAILURE TO ESTABLISH A RESOURCE  
DEVELOPMENT BUREAU**

The Agency did not establish a Resource Development Bureau.

**Required bureau not established**

During testing, the auditors noted the Agency had not established a Resource Development Bureau and the Agency's Director had not appointed a Chief of the Resource Development Bureau. (Finding 1, pages 11-12) **This finding has been repeated since 2009.**

We recommended the Agency establish a Resource Development Bureau, or seek a legislative remedy.

**Agency agreed with the auditors**

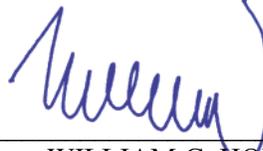
Agency officials agreed with our recommendations. (*For the previous Agency response, see Digest Footnote #1.*)

**AUDITOR'S OPINION**

The auditors stated the financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund as of and for the year ended June 30, 2015, are fairly stated in all material respects.

**ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the Agency for the year ended June 30, 2015, as required by the Illinois State Auditing Act. The auditors qualified their report on State compliance for Finding 2015-001. Except for the noncompliance described in this finding, the accountants stated the Agency complied, in all material respects, with the requirements described in the report.



---

WILLIAM G. HOLLAND  
Auditor General

WGH:djn

**AUDITORS ASSIGNED**

This audit and examination was performed by the Office of the Auditor General's staff.

## **DIGEST FOOTNOTE**

### **#1 - Failure to Establish a Resource Development Bureau - Previous Agency Response**

2014 - The Agency agrees with the finding. However, as previously noted in the Agency's response to Fiscal Year 2011 Finding 11-17, Fiscal Year 2012 Finding 12-9, and Fiscal Year 2013 Finding 2013-10, the Agency respectfully submits that although Section 1-70 of the Illinois Power Agency Act requires hiring of a Chief of the Resource Development Bureau, the Agency believes that hiring for this position would not be a prudent use of State resources at this time. This is because there is, and will be, no need for the Agency to develop generation pursuant to Section 1-80 of the Illinois Power Agency Act in the short to medium term. As a result, the Agency believes there would be no substantive work for the Resource Development Bureau to undertake for the foreseeable future.

The Agency continues to express its concern regarding the hiring of a Bureau Chief for the Resource Development Bureau.