

REPORT DIGEST

OFFICE OF THE STATE TREASURER NONFISCAL OFFICER RESPONSIBILITIES

**FINANCIAL AND
COMPLIANCE AUDIT**
For the Two Years Ended:
June 30, 1997

SYNOPSIS

Summary of Findings:

| | |
|--------------------------|---|
| Total this audit | 1 |
| Total last audit | 3 |
| Repeated from last audit | 0 |

- ! The Office of the Treasurer has not performed a comprehensive test of its computer system Disaster Contingency Plan. The plan has not been updated since August 1992 and a number of sections of the plan are incomplete.

Release Date:



State of Illinois
Office of the Auditor General

WILLIAM G. HOLLAND
AUDITOR GENERAL

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OFFICE OF THE STATE TREASURER - NONFISCAL OFFICER RESPONSIBILITIES
FINANCIAL AND COMPLIANCE AUDIT
For The Two Years Ended June 30, 1997

| EXPENDITURE INFORMATION AND STATISTICS | FY 1997 | FY 1996 | FY 1995 |
|--|----------------------|------------------------|------------------------|
| ! Total Expenditures (All Funds)..... | \$849,014,805 | \$1,547,195,526 | \$1,427,600,273 |
| APPROPRIATED EXPENDITURES..... | \$785,775,004 | \$1,481,050,823 | \$1,336,309,915 |
| % of Total Expenditures..... | 93% | 96% | 94% |
| General Revenue Fund - 001 | | | |
| Personal Services..... | \$3,769,032 | \$3,556,484 | \$3,554,814 |
| Employee Retirement - Contributions Paid by Employer..... | 142,561 | 130,874 | 129,185 |
| Extra Help..... | 0 | 0 | 39,149 |
| State Contribution to State Employees' Retirement System..... | 187,193 | 169,657 | 212,800 |
| State Contribution to Social Security..... | 283,197 | 265,020 | 279,259 |
| Contractual Services..... | 713,688 | 687,983 | 694,493 |
| Travel..... | 83,537 | 73,753 | 46,428 |
| Commodities..... | 26,096 | 33,476 | 31,011 |
| Printing..... | 22,140 | 20,348 | 12,358 |
| Equipment..... | 34,056 | 53,650 | 52,485 |
| Electronic Data Processing..... | 553,785 | 569,756 | 984,499 |
| Telecommunications..... | 127,926 | 124,611 | 156,963 |
| Operation of Auto Equipment..... | 7,812 | 5,729 | 4,577 |
| Transition of Treasurer..... | 0 | 0 | 149,938 |
| Refunds of Estate Tax & Accrued Interest thereon..... | 3,400,423 | 2,562,409 | 2,702,117 |
| Refunds of Accrued Interest on Protested Taxes..... | <u>298,379</u> | <u>424,068</u> | <u>1,349,405</u> |
| Total Expenditures - General Revenue Fund..... | <u>\$9,649,825</u> | <u>\$8,677,818</u> | <u>\$10,399,481</u> |
| General Obligation Bond Fund - 101 | | | |
| Payment of Principal..... | \$419,062,527 | \$880,174,706 | \$1,060,871,265 |
| Payment of Interest..... | 255,578,066 | 258,060,843 | 247,601,942 |
| Payments to Refund General Obligation Bonds..... | <u>84,803,153</u> | <u>318,039,997</u> | <u>0</u> |
| Total Expenditures - General Obligation Bond Fund..... | <u>\$759,443,746</u> | <u>\$1,456,275,546</u> | <u>\$1,308,473,207</u> |
| General Obligation Bond Rebate - 107 | | | |
| Total Arbitrage Rebate Payments..... | \$0 | \$0 | \$2,588,000 |
| Bank Service Trust Fund - 373 | | | |
| Total Payments for Banking Services..... | \$4,865,122 | \$4,959,511 | \$3,736,996 |
| Matured Bond and Coupon Fund - 625 | | | |
| Total Payments of Matured Bonds and Interest..... | \$72,587 | \$59,254 | \$79,436 |
| Estate Tax Collections Distributive Fund - 815 | | | |
| Total Payments to Counties..... | \$11,743,724 | \$11,078,694 | \$11,032,795 |
| UNAPPROPRIATED EXPENDITURES..... | \$63,239,801 | \$66,144,703 | \$91,290,358 |
| % of Total Expenditures..... | 7% | 4% | 6% |
| IPTIP Administrative Trust Fund - 195..... | \$1,205,998 | \$1,166,123 | \$1,405,977 |
| Protest Fund - 401..... | \$3,942,793 | \$3,629,596 | \$35,821,880 |
| Metropolitan Pier and Exposition Fund - 337..... | \$58,091,010 | \$61,348,984 | \$54,062,501 |
| • Cost of Property and Equipment..... | \$2,795,799 | \$2,569,674 | \$2,774,864 |
| SELECTED ACTIVITY MEASURERS(unaudited) | FY 1997 | FY 1996 | FY 1995 |
| Overall Average Yield on Investments..... | 5.40% | 5.52% | 4.60% |
| Overall Average Investments..... | \$4,679,071,103 | \$4,443,153,880 | \$4,022,808,808 |
| Number of Warrants Issued..... | 13,412,801 | 14,332,147 | 14,469,568 |
| Number of Active IPTIP Accounts..... | 4,350 | 4,160 | 3,995 |
| Estate Tax Collections..... | \$199,423,183 | \$187,340,601 | \$182,244,690 |
| STATE TREASURER | | | |
| During Audit Period: Honorable Judy Baar Topinka Currently: Honorable Judy Baar Topinka | | | |

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

DISASTER CONTINGENCY PLAN WEAKNESSES

The computer system Disaster Contingency Plan needs to be tested and has not been updated since August 1992.

The Office of the Treasurer has not performed a comprehensive test of its Disaster Contingency Plan for its computer system. The plan has not been updated since August, 1992 and a number of sections are incomplete. We also noted that the procedures for re-establishing communications are currently under revision.

The Office's current strategic direction is to focus upon the integration of mainframe and PC based application development, reporting and workflow. Therefore, as the Office continues to place increased reliance on its local area networks for processing its critical applications, it becomes crucial for the Office to have a well defined and thoroughly tested disaster contingency plan for all computing platforms.

We recommended the Treasurer's Office perform an annual comprehensive test of its Disaster Contingency Plan and the plan be modified to eliminate any weaknesses identified during testing. We also recommended the Treasurer's Office modify its Disaster Contingency Plan to include the items identified in the finding. (Finding 1, page 10)

The Treasurer accepted the recommendation and indicated all proposed modifications to the plan have either been completed or are in progress. In addition, the Treasurer has scheduled a test of the Disaster Contingency Plan at the recovery site during the second quarter of calendar 1998.

Mr. Edward Buckles, Chief Fiscal Officer, provided the response to our recommendation.

AUDITORS' OPINION

Our auditors state the Treasurer's financial statements for the nonshared State Treasury and locally-held funds are fairly stated for the two years ended June 30, 1997.

WILLIAM G. HOLLAND, Auditor General

WGH:RPU:pp

SPECIAL ASSISTANT AUDITORS

The firm of Geo. S. Olive & Co. LLC were our special assistant auditors for this audit.

