



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**OFFICE OF THE COMPTROLLER**  
**NONFISCAL OFFICER RESPONSIBILITIES**

**Compliance Examination**  
**For the Two Years Ended June 30, 2016**

**Release Date: May 25, 2017**

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>No Repeat Findings</b>			
<b>Category 2:</b>	2	0	2				
<b>Category 3:</b>	<u>0</u>	<u>0</u>	<u>0</u>				
<b>TOTAL</b>	2	0	2				
<b>FINDINGS LAST AUDIT: 0</b>							

**SYNOPSIS**

- (16-01) The Office did not exercise adequate controls over its property and equipment.
- (16-02) The Office made payments to employees in excess of the amount authorized by its written policies, personnel rules, and State statute.

**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 COMPTROLLER  
NONFISCAL OFFICER RESPONSIBILITIES  
COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2016**

EXPENDITURE STATISTICS	2016	2015	2014
<b>Total Expenditures.....</b>	<b>\$ 241,670,075</b>	<b>\$ 252,081,843</b>	<b>\$ 271,689,878</b>
Personal Services - Comptroller Operations.....	\$ -	\$ 15,300,201	\$ 14,766,829
% of Total Expenditures.....	0%	6%	5%
Personal Services - State Officers.....	28,499,312	28,451,767	28,323,984
% of Total Expenditures.....	12%	11%	10%
Personal Services - Court Reporting Services.....	21,079,484	21,847,548	40,212,599
% of Total Expenditures.....	9%	9%	15%
Other Payroll Costs (FICA, Retirement).....	4,810,686	5,925,882	7,028,418
% of Total Expenditures.....	2%	2%	3%
Warrant Escheat.....	7,101,781	10,918,017	13,624,624
% of Total Expenditures.....	3%	4%	5%
Offset Claims.....	54,520,527	54,925,491	47,857,423
% of Total Expenditures.....	22%	22%	18%
Direct Deposit.....	29,002,405	21,129,093	15,639,607
% of Total Expenditures.....	12%	9%	6%
Payment of 13/14 State Backlog.....	-	-	50,000,000
% of Total Expenditures.....	0%	0%	18%
All Other Items.....	\$ 96,655,880	\$ 93,583,844	\$ 54,236,394
% of Total Expenditures.....	40%	37%	20%
<b>Total Receipts.....</b>	<b>\$ 148,836,000</b>	<b>\$ 151,180,000</b>	<b>\$ 190,598,000</b>
<b>Average Number of Employees (not examined).....</b>	<b>220</b>	<b>209</b>	<b>225</b>

SELECTED ACTIVITY MEASURES (not examined)	2016	2015	2014
Total Commercial Vouchers processed.....	3,067,522	4,985,320	5,112,074
Total payments processed.....	14,085,085	14,992,358	15,209,821
% of paperless commercial vouchers processed.....	98.3%	97.5%	97.4%
Cemetery Care and Burial trusts - licenses issued.....	37	23	61
Cemetery Care and Burial trusts - audits completed.....	519	500	504
Compliance with local government annual filing.....	99.6%	99.8%	99.5%

STATE COMPTROLLER
During Engagement Period: Susana A. Mendoza (effective December 5, 2016), Leslie Geissler Munger (January 12, 2015 to December 4, 2016), Jerome Stermer (December 19, 2014 to January 11, 2015), Judy Baar Topinka (through December 10, 2014)
Currently: Susana A. Mendoza

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**NEED TO IMPROVE CONTROLS OVER PROPERTY  
AND EQUIPMENT**

The Illinois Office of the Comptroller (Office) did not exercise adequate controls over its property and equipment.

During testing, the auditors noted the following:

**Property items tested, totaling  
\$39,443, were unable to be located**

- Three of 50 (6%) items tested, totaling \$39,443, selected from the property listing were unable to be located. Documentation later provided showed two items, totaling \$39,330, were sent to the Department of Central Management Services as surplus property, but were still listed as assets on the property control system.

**Items sent to surplus were still listed  
as assets**

**Purchases made without purchase  
requisitions**

- Two vouchers tested, consisting of four televisions totaling \$1,396, and two chairs, two sofas, and three tables, totaling \$2,000, were made without purchase requisitions.

**No supporting documentation for an  
asset deletion**

- For one of 7 (14%) asset deletions tested, totaling \$1,290, the Office did not retain supporting documentation. (Finding 1, pages 9-10)

We recommended the Office ensures its equipment records are accurately maintained and updated as required. We also recommended the Office ensures its employees follow the existing policies and procedures to ensure all required documentation is properly completed and maintained.

**Office agrees with auditors**

Office officials agreed with the recommendation and stated in addition to exceptions cited in the auditor's report, current management identified other circumstances from July 1, 2016 to December 5, 2016 where the prior administration had failed to follow existing policies and procedures and/or did not adhere to best business practices.

Office officials further stated strong internal controls over the procurement process and property management are essential elements of effective utilization and administration of state resources. The office will reassess existing procedures with the objective of strengthening internal controls and ensure staff members employed by this administration are aware of the importance of adherence to existing, appropriate procurement procedures.

**PAYMENTS TO EMPLOYEES IN EXCESS OF  
AUTHORIZED AMOUNTS**

The Office made payments to employees in excess of the amount authorized by its written policies, personnel rules, and State statute.

During our testing, we noted the following:

**Cash compensation for unused benefit time paid totaling \$436,118**

- The Office extended offers to its employees to receive cash compensation on four separate occasions during the engagement period for unused benefit time (sick, vacation, personal, and compensatory): for up to three days in September 2014, up to five days in each of two separate instances in December 2014, and up to three days in June 2015. The amount paid totaled \$436,118 for 148 employees.

**Cash payments totaling \$55,977 for 881 hours of accrued vacation in excess of maximum carryover**

- During testing of lump sum payments for benefit time to employees who separated, we noted five employees tested were able to carry forward vacation amounts in excess of the amount allowed. The employees received cash payments totaling \$55,977 for 881 hours of accrued vacation in excess of the established maximum carryover of two years. In addition, two of the employees retired and made contributions to establish service credit in excess of the maximum carryover allowed by 7 and 49 days, respectively.

**Service credit in excess of maximum carryover**

**Payments for personal time and compensatory time**

- During testing of lump sum payments to employees who separated, we noted the Office compensated one employee tested for 35 hours of personal time totaling \$2,993. In addition, two employees were paid for 41 hours of compensatory time totaling \$1,931. (Finding 2, pages 11-13)

We recommended the Office ensure all its payments for personal services comply with the provisions of all laws, rules, and written policies and retain appropriate documentation of its personnel decisions.

**Office agrees with auditors**

Office officials agreed with the recommendation and stated although the IOC does maintain the right to establish, within existing law, its own personnel management and compensation policies as an independent constitutional office, it does believe that the reimbursements in question were excessive and their justification inadequately documented. These actions did not reflect what the current administration believes is good public policy.

As a part of reviewing the policies and procedures discussed above, the current administration has noted other instances from July 1, 2016 to December 5, 2016 related to the human resource function (e.g. job audits) where adequate management policies and procedures were not followed and appropriate controls were not exercised.

Office officials further stated they are in the process of implementing stronger internal controls over the human

resource function and establishing clear and consistent policies that will restrict and inhibit future payouts for compensatory, sick, and personal time. The current administration is committed to ensuring appropriate personnel management procedures are followed and payouts for vacation, compensatory, sick and personal time are limited to circumstances allowed by existing statute or administrative code and all personnel transactions are appropriately approved and documented.

**ACCOUNTANT’S OPINION**

The accountants conducted a compliance examination of the Office for the two years ended June 30, 2016, 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.

This compliance examination was conducted by CliftonLarsonAllen LLP.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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