
REPORT DIGEST
ILLINOIS FINANCE
AUTHORITY

COMPLIANCE
EXAMINATION (In
Accordance with the
Single Audit Act and OMB
Circular A-133)

For the Year Ended:
June 30, 2009

Summary of Findings:

| | |
|-------------------------|---|
| Total this year | 2 |
| Total last year | 7 |
| Repeated from last year | 0 |

Release Date:
March 30, 2010



State of Illinois
Office of the Auditor General
WILLIAM G. HOLLAND
AUDITOR GENERAL

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are also available on
the worldwide web at
<http://www.auditor.illinois.gov>

SYNOPSIS

- ◆ The Authority did not have formal procedures for the use of its IFABond application database.

{ Revenue, Expenditures and Activity Measures are summarized on the next page. }

**ILLINOIS FINANCE AUTHORITY
COMPLIANCE EXAMINATION
(In Accordance with the Single Audit Act and OMB Circular A-133)
YEAR ENDED JUNE 30, 2009**

| FINANCIAL INFORMATION | FY2009 | FY2008 |
|---|-------------------------|-------------------------|
| • Total Revenues | \$22,984,762 | \$42,638,022 |
| Interest on Loans | \$10,941,522 | \$10,121,129 |
| % of Revenues..... | 47.6% | 23.7% |
| Interest and investment income..... | \$5,878,031 | \$8,942,648 |
| % of Revenues..... | 25.6% | 21.0% |
| Administrative Service Fees | \$4,885,211 | \$7,140,725 |
| % of Revenues..... | 21.3% | 16.7% |
| Other Revenues | \$1,279,998 | \$1,433,520 |
| % of Revenues..... | 5.5% | 3.4% |
| Transfers from other state funds and grants..... | - | \$15,000,000 |
| % of Revenues..... | 0.0% | 35.2% |
| • Total Expenses | \$46,729,287 | \$21,859,760 |
| Transfer to the State..... | \$26,329,923 | - |
| % of Expense..... | 56.4% | 0.0% |
| Interest Expense | \$14,457,696 | \$15,401,759 |
| % of Expense..... | 30.9% | 70.5% |
| Employee Related Expenses..... | \$3,275,386 | \$3,444,591 |
| % of Expenses | 7.0% | 15.7% |
| Average No. of Employees..... | 35 | 31 |
| Average Cost per Employee | \$ 93,582 | \$111,116 |
| Professional Services | \$1,284,861 | \$1,837,280 |
| % of Expenses | 2.8% | 8.4% |
| Other Expenses..... | \$1,381,421 | \$1,176,130 |
| % of Expenses | 2.9% | 5.4% |
| • Excess of Revenues over Expenses | \$(23,744,525) | \$20,778,262 |
| • Cash | \$65,927,336 | \$75,675,753 |
| • Investments | \$122,925,293 | \$136,170,456 |
| • Conduit debt outstanding | \$23,681,311,954 | \$22,613,213,811 |
| SELECTED ACTIVITY MEASURES | FY2009 | FY2008 |
| • Federal Program Loans Outstanding | \$709,261 | \$820,816 |
| • Total Number of Bond Issues and Loans Outstanding at June 30, (Unaudited) | 1,817 | 1,023 |
| • Total Number of New Bond Issues and Loans (Unaudited) | 54 | 88 |
| • Total Jobs Created or Retained (Unaudited).... | 7,864 | 16,389 |
| AGENCY EXECUTIVE DIRECTOR | | |
| During Audit Period: Ms. Kym Hubbard (to 7/15/08); Mr. John Filan (11/7/08-6/30/09) Currently: Mr. Christopher Meister | | |

INTRODUCTION

The mission of the Authority is to foster economic development to the public and private institutions that create and retain jobs, and improve the quality of life in Illinois by providing access to capital.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

NO FORMAL PROCEDURES FOR THE IFABond APPLICATION DATABASE

**Procedures needed for use
of bond database**

**Database used to track
\$23.7 billion in conduit
revenue bonds**

During our audit, we noted the Authority did not have formal procedures for the use of its IFABond database. The database is utilized to track information pertaining to the \$23.7 billion in conduit revenue bonds outstanding at June 30, 2009 of the Authority. There were no formal procedures to explain the methods for proper source document origination, authorization, input preparation, error resolution, retention and reconciliation of the IFABond database.

Generally accepted information technology guidance requires that systems have adequate written policies and procedures, adequate written system documentation, and adequate input, processing, and output controls. Information Technology general and application controls are necessary to preserve the integrity of the system, to provide reliance on the results produced by the system, and to ensure that the processing of transactions is performed in accordance with laws and regulations and with management's design and intent.

The Authority management indicated it failed to formally document procedures pertaining to the IFABond Application Database due to management oversight. (Finding #2, page 14)

**Authority management
accepted auditor's
recommendation**

We recommended the Authority develop formal procedures for software application controls of its IFABond application database. The Authority accepted the auditor's recommendation and indicated it was in the process of developing formal procedures for the use of its IFABond database.

OTHER FINDING

The remaining finding was included in the report digest for the financial audit of the Authority released March 3, 2010 and available on our website. We will review progress toward implementing our recommendations in our next audit and examination.

AUDITORS' OPINION

We conducted a compliance examination of the Authority for the year ended June 30, 2009 as required by the Illinois State Auditing Act, the Single Audit Act and OMB Circular A-133. A financial audit covering the year ending June 30, 2009 was issued separately.

WILLIAM G. HOLLAND, Auditor General

WGH:JAF:pp

SPECIAL ASSISTANT AUDITORS

McGladrey & Pullen, LLP were our special assistant auditors for this engagement.