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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

REPORT DIGEST

**OFFICE OF THE COMPTROLLER
FISCAL OFFICER RESPONSIBILITIES
FINANCIAL AND COMPLIANCE AUDIT
FOR THE YEAR ENDED JUNE 30, 1994**

5-94-30200-10

SYNOPSIS

- The Office of the Comptroller needs to make significant upgrades to the current State accounting system to reduce certain inefficiencies. When the system was designed 20 years ago, certain technological advances were not available, but now they should be utilized to increase efficiency.

{Expenditures and Activity Measures are summarized on the reverse page.}

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STATE COMPTROLLER'S OFFICE
AUDIT OF TRADITIONAL BUDGETARY FINANCIAL REPORT
AT JUNE 30, 1994

The current State Comptroller is the Honorable Loleta Didrickson. The State Comptroller during the audit period was the Honorable Dawn Clark Netsch.

(In Thousands)

<u>TRADITIONAL FUND GROUPS</u>	<u>NO. OF FUNDS</u>	<u>CASH BALANCES</u>	<u>BUDGETARY BALANCES*</u>
APPROPRIATED FUNDS -			
General Funds	4	\$ 230,165	\$ (-421,724)
Highway Funds	7	464,035	346,315
Income Funds	12	39,826	(-24,467)
Special State Funds	232	908,639	400,290
Bond Financed Funds	8	105,200	102,002
Debt Service Funds	4	269,804	254,204
Federal Trust Funds	82	100,930	(-121,003)
Revolving Funds	10	47,257	9,345
State Trust Funds	<u>24</u>	<u>115,226</u>	<u>77,175</u>
SUB-TOTAL	383	\$2,281,082	\$ 622,137
NON-APPROPRIATED FUNDS -			
Federal Trust Funds	17	\$ 11,370	\$ 8,721
State Trust Funds	<u>100</u>	<u>855,538</u>	<u>662,679</u>
SUB-TOTAL	<u>117</u>	<u>\$ 866,908</u>	<u>\$ 671,400</u>
GRAND TOTAL-ALL FUNDS	<u>500</u>	<u>\$3,147,990</u>	<u>\$ 1,293,537</u>

* Budgetary Balances represent the balances remaining after reduction of Cash Balances at June 30, 1994 by expenditures made during the 1994 lapse period ending September 30, 1994.

INTRODUCTION

Our 1994 audit of the Comptroller's Fiscal Officer Responsibilities is presented in two parts. The compliance part, with our findings and recommendations, is presented in one document. The financial part, with our opinions on the financial statements, is presented in the State Comptroller's "Illinois Traditional Budgetary Financial Report."

COMPLIANCE AUDIT FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

NEED TO UPDATE STATE ACCOUNTING SYSTEM

The Comptroller's Office needs to make significant upgrades to its current CUSAS (Comptroller's Uniform Statewide Accounting System) procedures to reduce inefficiencies. CUSAS was developed in 1974 and is in need of revision. Two examples of the inefficiencies we noted are the costs necessary to process additional expenditure documents. In one instance, multiple invoice-vouchers must be prepared and warrants processed when an expenditure relates to multiple appropriation line items. In the other instance, a warrantless process is not utilized to settle obligations between State agencies or to process agencies' transactions with various revolving funds. (Finding 1, page 10)

We recommended the Comptroller's Office upgrade CUSAS to eliminate the need for multiple invoice vouchers for certain expenditures and the need for warrants to settle obligations between State agencies. We have recommended enhancements of this type to the CUSAS System since 1984.

Comptroller officials stated they agree with our recommendation. The Agency believes that correction of the inefficiencies noted, as well as many other CUSAS system limitations identified by the Agency over the past 20 years, requires a major system redesign.

The Comptroller's officials also stated that since 1993 the Agency has aggressively pursued funding for a modern, new and more comprehensive approach to improving the operations of State government. A lack of resources continues to impede the development and implementation of a long-term approach to the technological needs of the Agency. Until funding is available, the Agency states it will continue to upgrade the current system in all ways deemed possible and appropriate, recognizing the limitations of the original system's design. A systems development project is in progress to upgrade CUSAS to reduce paper warrants in the settlement of obligations between agencies.

OTHER FINDING

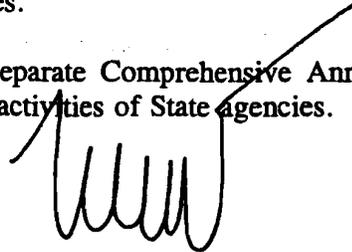
The remaining finding is less significant and deals with accounting changes to improve IRS 1099 reporting. The Comptroller's Office has agreed that separate account codes for certain transactions should be established as we recommended. We will review the Office's progress towards implementation of our recommendation in our next audit.

Mr. Merlyn Hepperly, Internal Audit Supervisor for the Comptroller's Office, provided the Agency responses to our findings and recommendations.

FINANCIAL AUDIT OPINIONS

Our auditors stated the traditional budgetary financial statements present fairly the fund balances and receipts and expenditures at June 30, 1994, relating to the Fiscal Officer Responsibilities of the Comptroller over the budgetary fund balances, budgetary receipts and expenditures, and changes in budgetary fund balances.

In addition, the Comptroller has issued a separate Comprehensive Annual Financial Report which has additional details on the financial activities of State agencies.



WILLIAM G. HOLLAND, Auditor General

WGH:KMM:jr
May 19, 1995

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	2	2
Repeated audit findings	2	1
Prior recommendations implemented or not repeated	0	2

SPECIAL ASSISTANT AUDITORS

Coopers & Lybrand LLP were our special assistant auditors assigned to the audit.