
REPORT DIGEST

**DEPARTMENT OF
HEALTHCARE AND
FAMILY SERVICES -
COMMUNITY COLLEGE
HEALTH INSURANCE
SECURITY FUND**

FINANCIAL AUDIT

For the Year Ended:
June 30, 2009

Summary of Findings:

Total this audit	1
Total prior audit	3

Release Date:
May 11, 2010



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

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SYNOPSIS

- The Department's year-end financial reporting was not timely completed and contained weaknesses and inaccuracies.

{Financial Information and Activity Measures summarized on the reverse page.}

DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
FINANCIAL AUDIT
Year Ended June 30, 2009

FINANCIAL OPERATIONS (in thousands)	FY 2009
Additions	
Contributions	
Employer.....	\$ 3,646
State.....	3,916
Plan Member:	
Activities.....	3,646
Retirees.....	12,528
Federal government Medicare Part D	2,011
Consolidated Omnibus Budget Reconciliation Act	<u>2</u>
Total contributions	25,749
Interest income.....	<u>150</u>
Total additions	<u>25,899</u>
Deductions	
Benefit payments	31,158
Administrative expense	<u>627</u>
Total deductions	<u>31,785</u>
Net increase/(decrease)	(5,886)
Net assets held in trust for other postemployment benefits	
Beginning of year	<u>7,332</u>
End of year.....	<u>\$ 1,446</u>

SUPPLEMENTARY INFORMATION	FY 2009
Number of retirees and beneficiaries receiving benefits.....	5,539
Number of waived retirees who may elect healthcare coverage in the future.....	1,619
Number of terminated plan members entitled to but not yet receiving benefits	5,494
Number of active plan members	<u>23,970</u>
Total.....	<u>36,622</u>
Number of participating employers.....	39

AGENCY DIRECTOR
During Audit Period: Mr. Barry S. Maram (7/1/08 through 4/15/10)
Currently: Ms. Julie Hamos (4/16/10 through current)

INTRODUCTION

This digest covers the financial audit of the Community College Health Insurance Security Fund for the year ended June 30, 2009. The financial audit report includes one finding pertaining to significant deficiency in internal control.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

FINANCIAL STATEMENT PRESENTATION

The Department's year-end financial reporting in accordance with generally accepted accounting principles (GAAP) to the Illinois Office of the Comptroller (Comptroller) contained weaknesses and inaccuracies. These problems, if not detected and corrected, could materially misstate the Community College Health Insurance Security Fund's (Fund) financial statements. In addition, financial reporting was not timely.

During our audit of the June 30, 2009 Fund's financial statements, we noted:

- The GAAP Reporting Package was not submitted to the Comptroller in a timely manner. The GAAP Reporting Package was submitted to the Comptroller 6 days late. In addition, the Comptroller submitted to the Department review comments for the GAAP Reporting Package on September 28, 2009; however, the Department did not provide a response to those review comments until October 23, 2009. Further, a complete set of the Fund's financial statements **was not** provided to the auditors **until** February 12, 2010, seven and a half months **after** the year end.
- To complete the Fund's financial statements, the Department was required to obtain and include in the Fund's financial statements actuarial valuations for purposes of complying with the requirements of Statement No. 43 of the

Financial statements not provided to auditors until seven and a half months after year-end

GASB 43 actuarial valuations not available to auditors until January 8, 2010

Governmental Accounting Standards Board. These actuarial valuations **were not** available to the auditors **until** January 8, 2010.

Reporting of revenue and expense accounts inaccurate

- We noted weaknesses in the financial accounting for, and reporting of, revenue and expense accounts. Specifically, the Department did not correctly calculate revenues and expenses resulting in an overall adjustment totaling \$1.034 million to reduce revenues and expenses. (Finding 1, pages 17-18)

We recommended the Department implement additional internal control procedures to ensure GAAP Reporting Packages are prepared in an accurate and timely manner.

Department agrees with auditors

Department officials concurred with our recommendation and stated that they are continually assessing the financial reporting process and implementing procedures to improve upon timeliness and accuracy. As an ongoing effort the Department continues to strive to meet the mandated deadlines, which resulted in the GAAP Reporting Package being submitted in a more timely manner this year than in prior years.

AUDITORS' OPINION

Our auditors state the financial statements of the Community College Health Insurance Security Fund as of June 30, 2009, are fairly presented in all material respects.

WILLIAM G. HOLLAND, Auditor General

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AUDITORS ASSIGNED

This audit was performed by the staff of the Office of the Auditor General.