

## **REPORT DIGEST**

### **EAST ST. LOUIS FINANCIAL ADVISORY AUTHORITY FINANCIAL AND COMPLIANCE AUDIT FOR THE YEAR ENDED JUNE 30, 1995**

#### **SYNOPSIS**

- The Authority used \$76,154 of FY 95 appropriations to pay for legal services procured and performed in FY 94.

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

## **FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS**

### **LEGAL SERVICE EXPENDITURES**

The Authority used \$76,154 of FY 95 appropriations to pay for legal services procured and performed in FY 94.

The State Finance Act (30 ILCS 105/25) states that "all appropriations shall be available for expenditure for the fiscal year or for a lesser period if the Act making that appropriation so specifies". Payments made from appropriations of fiscal years other than the fiscal year in which the services were provided are contrary to legislative intent and circumvent the appropriation process.

In addition, the Authority paid \$243,194 in excess of the estimated maximum contract amount for a legal services contract including \$179,672 from local funds. The contract terms stated payment for services would be solely from appropriated funds. The Authority's public accountability would have been enhanced if the contract filed with the State Comptroller would have been revised to more accurately reflect the level of expenditures to be made. (Finding 1, page 10)

The Authority agreed with our recommendation to comply with the State Finance Act, and the Authority stated it would comply with the Comptroller's regulation for obligation of contracts. The Authority also noted the agreement for legal services specified the contractor needed to complete a series of negotiations or tasks before submitting any bills for work in that phase. As such, the Authority paid bills when the tasks under that phase were accomplished. According to Authority personnel, they believe when a contract is so structured the time frame when the work was performed was irrelevant to the time when the work is properly billed and paid.

### **OTHER FINDINGS**

The remaining finding was less significant and Authority officials have responded that corrective action will be taken. We will review the Authority's progress towards the implementation of our recommendations in our next audit.

### **AUDITORS' OPINION**

We have stated the financial statements of the locally held funds of the East St. Louis Financial Advisory Authority as of and for the year ended June 30, 1995 are fairly presented in all material respects.

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WILLIAM G. HOLLAND, Auditor General

WGH:GSS:pp

## **SUMMARY OF AUDIT FINDINGS**

Number of  
This Audit  
Prior Audit

Audit findings 22

Recommendations repeated 00

Prior recommendations implemented  
or not repeated 20

## **AUDITORS ASSIGNED**

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

**EAST ST. LOUIS FINANCIAL ADVISORY AUTHORITY**  
**FINANCIAL AND COMPLIANCE AUDIT**  
**For the Year Ended June 30, 1995**

<b>EXPENDITURE STATISTICS</b>	<b>FY 1995</b>	<b>FY 1994</b>	<b>FY 1993</b>
<b>●Total Expenditures</b>	<b>\$581,438</b>	<b>\$261,673</b>	<b>\$263,841</b>
<u>APPROPRIATED FUNDS TOTAL</u>	\$386,459	\$261,673	\$263,841
% of <b>Total</b> Expenditures	66%	100%	100%
<u>LOCALLY HELD FUNDS TOTAL</u>	\$194,979	\$0	\$0
% of <b>Total</b> Expenditures	34%	0%	0%

<b>SELECTED ACTIVITY MEASURES</b>	<b>FY 1995</b>	<b>FY 1994</b>	<b>FY 1993</b>
Total Loan Repayments	\$1,104,042	\$0	\$0
Loan Repayments - Principal	845,453	0	0
Loan Repayments - Interest	258,589	0	0
City Loan Still Outstanding	\$2,949,547	\$3,795,000	\$3,795,000

<b>SUPPLEMENTARY INFORMATION</b>	<b>FY 1995</b>	<b>FY 1994</b>	<b>FY 1993</b>
Number of Authority Employees	4	4	4

<b>EXECUTIVE DIRECTOR</b>
During Audit Period: Mr. R. Bruce Patterson Currently: Mr. R. Bruce Patterson