



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**GOVERNOR’S OFFICE OF MANAGEMENT AND BUDGET**

Compliance Examination  
 For the Two Years Ended June 30, 2019

Release Date: April 15, 2020

| FINDINGS THIS AUDIT: 7 | AGING SCHEDULE OF REPEATED FINDINGS |          |          |                    |            |            |            |
|------------------------|-------------------------------------|----------|----------|--------------------|------------|------------|------------|
|                        | New                                 | Repeat   | Total    | Repeated Since     | Category 1 | Category 2 | Category 3 |
| Category 1:            | 3                                   | 0        | 3        | No Repeat Findings |            |            |            |
| Category 2:            | 4                                   | 0        | 4        |                    |            |            |            |
| Category 3:            | 0                                   | 0        | 0        |                    |            |            |            |
| <b>TOTAL</b>           | <b>7</b>                            | <b>0</b> | <b>7</b> |                    |            |            |            |
| FINDINGS LAST AUDIT: 3 |                                     |          |          |                    |            |            |            |

**SYNOPSIS**

- (19-01) The Governor’s Office of Management and Budget (Office) did not have adequate controls over its accounts receivable billing, collection, and reporting.
- (19-02) The Office did not make the required annual transfer of funds to the Department of Human Services (DHS) Community Services Fund (Fund 509) in Fiscal Year 2018.
- (19-04) The Office did not fully comply with provisions of the Grant Accountability and Transparency Act (Act) regarding program specific exceptions and exemptions.

**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.



## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **INADEQUATE CONTROLS OVER ACCOUNTS RECEIVABLE**

The Governor's Office of Management and Budget (Office) did not have adequate controls over its accounts receivable billing, collection, and reporting.

The Grant Accountability and Transparency Act (GATA) requires the Office's Grant Accountability Transparency Unit (GATU) to provide technical assistance and annual training to State grant making agencies and their grantees and subrecipients. State agencies are then billed quarterly by the Office for services related to GATA and Budgeting for Results (BFR). Total Office billings for Fiscal Years 2018 and 2019 were \$1,639,038 and \$2,019,016, respectively.

During our testing of accounts receivable, we noted the following:

- The Office's GATA/BFR billings for the 3rd and 4th quarters of Fiscal Year 2019 totaling \$436,776 and \$830,812, respectively, were not sent to State agencies until September 2019, and these billings were not included in the Form C-97 and Form C-98 submitted to the Comptroller. This resulted in a \$1,267,588 understatement of reported accounts receivable as of June 30, 2019.
- Differences were noted between the Office's breakdown of accounts receivable and the amounts reported on the C-98 Form for the last quarters of Fiscal Year 2018 and 2019.
- The Office did not have a formal policy or procedure for the collection of outstanding accounts receivable. Based on the Forms C-98 for the last quarters of Fiscal Year 2018 and 2019, 9% and 21% of the total accounts receivable were outstanding for 180 days to 1 year, respectively. Further, 56% and 42% of the total accounts receivable were outstanding for over 1 year as of June 30, 2018 and 2019, respectively. The Office did not make sufficient attempts to collect on these past due accounts. (Finding 1, pages 11-13)

**Accounts receivable understated by \$1,267,588**

**Differences noted in breakdown of receivables**

**No formal policy for collection of accounts receivable**

We recommended the Office implement the necessary internal controls to consistently and accurately report accounts receivable. In addition, the Office should ensure accounts receivables are timely pursued for collection.

**Office accepted the recommendation**

Office Officials accepted the recommendation and stated they will review the internal process to establish the proper internal controls regarding the proper accounting and collection for accounts receivables. Office officials also stated they will develop a process regarding the collection of past due accounts.

## **INCOMPLETE TRANSFER OF FUNDS TO THE DEPARTMENT OF HUMAN SERVICES COMMUNITY SERVICES FUND**

The Office did not make the required annual transfer of funds to the Department of Human Services (DHS) Community Services Fund (Fund 509) in Fiscal Year 2018.

**4.75 million transferred instead of 14.75 million**

During testing, we noted the Office annually transfers from the Long-Term Care Provider Fund (Fund 0345) the following amounts: \$1.25 million to the Long-Term Care Ombudsman Fund (Fund 698) of the Department on Aging, \$4 million to the Long-Term Care Monitor/Receiver Fund (Fund 285) of the Department of Public Health, and the remaining amount, totaling \$14.75 million, to the DHS Community Services Fund (Fund 509). The Office generally transfers \$10 million twice each year. However, for Fiscal Year 2018, the Office only transferred \$4.75 million of the \$14.75 million to the DHS Community Services Fund (Fund 509). (Finding 2, page 14)

We recommended the Office implement procedures to ensure the required transfers are made as required by the Code.

**Office accepted the recommendation**

Office officials accepted the recommendation and stated a recurring annual calendar reminder has been setup so that the transfer is not missed in the future.

## **NONCOMPLIANCE WITH THE GRANT ACCOUNTABILITY AND TRANSPARENCY ACT'S APPROVED EXCEPTIONS**

The Office did not fully comply with provisions of the Grant Accountability and Transparency Act (Act) regarding program specific exceptions and exemptions.

**Rules did not require exceptions to be posted within 30 days**

The accountants noted the Office enacted rules that detail the requirements and procedures for program specific exceptions and exemptions to the *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Requirements (UR)) and the Act. The Illinois Administrative Code (Code) (44 Ill. Adm. Code 7000.60) contains the procedures for State agencies to follow to apply for exceptions. However, the Code does not require the exceptions to be published within 30 days as required by the Act.

**Exceptions were published from 40 to 1,001 days late**

The accountants requested the Office to provide the population of all requests for exceptions for Fiscal Years 2018 and 2019 in order to test compliance with certain provisions of the Act. The Office's Grant Accountability and Transparency Unit (GATU) provided a listing of all exceptions State agencies posted in the CSFA during Fiscal Years 2018 and 2019. We noted 15 of 40 (38%) allowed exceptions tested were published in the CSFA from 40 to 1,001 days late.

We recommended the Office ensures its enacted rules comply with the Act to facilitate the timely posting of Notice of Exceptions as required by the Act.

**Office accepted the recommendation**

Office officials accepted the recommendation and stated the Office will revise its rules to facilitate the timely posting of Notice of Exceptions as required by the Act.

**OTHER FINDINGS**

The remaining findings pertain to a lack of controls over the review of internal controls over service providers, submission of reports on capital spending, and contracts and the failure to submit the annual letter on estimated revenues to the Regional Transportation Authority. We will review the Office's progress towards the implementation of our recommendations in our next compliance examination.

**ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the Office for the two years ended June 30, 2019, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Findings 2019-001 through 2019-003. Except for the noncompliance described in these findings, the accountants stated the Office complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by Adelfia LLP.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
Division Director

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

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

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