



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS POWER AGENCY**

**Financial Audit  
 For the Year Ended June 30, 2019**

**Release Date: May 14, 2020**

FINDINGS THIS AUDIT: 1	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since 2018	Category 1	Category 2	Category 3
Category 1:	0	1	1		19-01		
Category 2:	0	0	0				
Category 3:	0	0	0				
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>				
FINDINGS LAST AUDIT: 2							

**INTRODUCTION**

The Illinois Power Agency’s mission is (1) to oversee the electricity planning and procurement processes to ensure adequate, reliable, affordable, efficient, and environmentally sustainable electric service at the lowest cost over time for the residential and small commercial customers of Commonwealth Edison, the Ameren Illinois Company, and the MidAmerican Energy Company and (2) to procure renewable energy using the resources of the Illinois Power Agency Renewable Energy Resources Fund.

This digest covers the financial audit of the Agency’s nonshared governmental funds as of and for the year ended June 30, 2019. Our next engagement will include a financial audit of the Agency’s nonshared governmental funds as of and for the year ending June 30, 2020 and a State Compliance Examination of the entire agency for the two years ending June 30, 2020.

**SYNOPSIS**

- **(19-01)** The Agency did not exercise adequate control over accounting for financial transactions in its financial statements.

<p><b>Category 1:</b> Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).</p> <p><b>Category 2:</b> Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.</p> <p><b>Category 3:</b> Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.</p>
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**ILLINOIS POWER AGENCY  
FINANCIAL AUDIT  
For the Year Ended June 30, 2019**

<b>NONSHARED GOVERNMENTAL FUNDS (in thousands)</b>	<b>2019</b>	<b>2018</b>
<b>Illinois Power Agency Operations Fund</b>		
Revenues.....	\$ 2,028	\$ 3,437
Expenditures.....	3,750	4,026
Other sources(uses) of financial resources.....	1,595	1,125
Net change in fund balance.....	<u>\$ (127)</u>	<u>\$ 536</u>
Assets and deferred outflows of resources.....	\$ 6,111	\$ 6,113
Liabilities and deferred inflows of resources.....	1,096	971
Committed fund balance.....	<u>\$ 5,015</u>	<u>\$ 5,142</u>
<b>Illinois Power Agency Renewable Energy Resources Fund</b>		
Revenues.....	\$ -	\$ 5
Expenditures.....	6,375	4,358
Other sources(uses) of financial resources.....	-	-
Net change in fund balance.....	<u>\$ (6,375)</u>	<u>\$ (4,353)</u>
Assets and deferred outflows of resources.....	\$ 165,329	\$ 170,404
Liabilities and deferred inflows of resources.....	2,791	1,491
Committed fund balance.....	<u>\$ 162,538</u>	<u>\$ 168,913</u>
<b>Illinois Power Agency Trust Fund</b>		
Revenues.....	\$ 2,471	\$ 2,844
Expenditures.....	-	-
Other sources(uses) of financial resources.....	(1,595)	(1,125)
Net change in fund balance.....	<u>\$ 876</u>	<u>\$ 1,719</u>
Assets and deferred outflows of resources.....	\$ 39,488	\$ 38,612
Liabilities and deferred inflows of resources.....	-	-
Nonspendable fund balance.....	37,288	37,017
Committed fund balance.....	2,200	1,595
Total fund balance.....	<u>\$ 39,488</u>	<u>\$ 38,612</u>

<b>AGENCY DIRECTOR</b>
During Audit Period: Anthony Star
Currently: Anthony Star

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE CONTROL OVER FINANCIAL  
REPORTING**

The Illinois Power Agency (Agency) did not exercise adequate control over accounting for financial transactions in its financial statements.

During testing, we noted the following financial reporting issues:

**\$365,241 invoice was not recorded or paid during the fiscal year resulting in approximately \$24,000 in interest liability**

- The Agency notified us that there was an outstanding vendor invoice in the amount of \$365,241 that was not paid during the fiscal year. In addition, the Agency has incurred late payment interest to the vendor approximating \$24,000. Payment to the vendor and required interest is being processed by the Illinois Court of Claims. The result of the outstanding vendor invoice required two adjustments to the financial statements in the Illinois Power Agency Operations Fund (425) to record the expenditure and the estimated interest.

**Agency failed to record reversals of two prior year audit entries**

- Based on our testing of interfunds due to/from other State funds, we noted the Agency did not reverse two audit entries from the prior year. We proposed and the Agency recorded an entry to reduce the amount due from other State funds in the amount of \$19,199 and to reduce amounts due to other State funds in the amount of \$1,662 in the Illinois Power Agency Operations Fund (425). (Finding 1, pages 23-24)

We recommended the Agency review its internal controls over its financial reporting process and implement procedures to ensure outstanding invoices to vendors are paid timely within the applicable fiscal year and transactions are appropriately recorded and reflected within its financial statements and accounting records.

**Agency officials agreed**

Agency officials agreed with our recommendation.

**AUDITOR'S OPINION**

The auditors stated the financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund as of and for the year ended June 30, 2019 are fairly stated in all material respects.

This financial audit was conducted by Plante & Moran, PLLC.

**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

FJM:JGR