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OFFICE OF THE AUDITOR GENERAL
WILLIAM G. HOLLAND

REPORT DIGEST

**ILLINOIS EDUCATIONAL FACILITIES AUTHORITY
FINANCIAL AND COMPLIANCE AUDIT
FOR THE YEAR ENDED JUNE 30, 1992**

SYNOPSIS

- Bond trustees utilized by the Authority did not always strictly comply with the provisions of the trust indentures for the bond issues they administered.
- The Authority did not have a formal long-term plan establishing goals and objectives to guide Authority operations.

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

NONCOMPLIANCE BY BOND TRUSTEES

Bond trustees utilized by the Authority did not always strictly comply with the provisions of the trust indentures for the bond issues they administered. For example, we found late payments of principal and interest, deposits of receipts into wrong funds, and transactions processed late or in the wrong amount. Although these errors were corrected and their impact on the revenue bond funds at June 30, 1992 was not significant, we recommended that the Authority continue its efforts to secure trustee compliance in complete accordance with the trust indentures. The Authority agreed, and stated that instances of noncompliance have declined significantly. (Finding 1, page 8, first recommended in 1979.)

LACK OF LONG TERM PLAN

The Authority did not have a formal long-term plan establishing goals and objectives to guide Authority operations. A formal planning program is necessary to insure that the Authority meets the needs of eligible institutions and that funds continue to be spent for the purpose for which the Authority was created. It would also assist the Authority in evaluating its accomplishments and in establishing future operational and legislative programs. (Finding 2, page 9)

The Authority believes a long range plan is not required and that a case-by-case approach to the requests of qualified institutions is adequate to its needs.

We feel that, as the Authority continues to grow, a planning program is becoming more important. The Authority should reconsider its position on this finding.

OTHER FINDINGS

Our report presented one additional finding and recommendations. It deals with bank balances in certain accounts occasionally exceeding the F.D.I.C. limit. The findings has been given appropriate attention by the Authority. We will review the Authority's progress toward the implementation of our recommendation in our next audit.

AUDITOR'S OPINION

Our auditors stated that the Authority's June 30, 1992 financial statements are presented fairly.



WILLIAM G. HOLLAND, Auditor General

WGH:GWK:vm

April 28, 1993

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>Current Audit</u>	<u>Prior Audit</u>
Findings	3	4
Repeated Findings	1	1
Prior Findings Implemented or Not Repeated	3	3

SPECIAL ASSISTANT AUDITORS

Pandolfi, Topolski, Weiss & Co., Ltd. were our special assistant auditors on this audit.