



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

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE COMPTROLLER
FISCAL OFFICER RESPONSIBILITIES

**Financial Audit and Compliance Examination
For the Year Ended: June 30, 2012**

Release Date: April 11, 2013

Summary of Findings:

Total this report	1
Total last report	1
Repeated from last report:	1

INTRODUCTION

This digest covers our financial audit and compliance examination of the State of Illinois Office of the Comptroller – Fiscal Officer Responsibilities for the year ended June 30, 2012.

SYNOPSIS

- The State of Illinois Office of the Comptroller did not make all statutorily mandated transfers from the General Revenue Fund within established timeframes, as required.

{Financial data is summarized on the reverse page.}

OFFICE OF THE STATE COMPTROLLER - STATE OF ILLINOIS
FISCAL OFFICER RESPONSIBILITIES
FINANCIAL AUDIT AND COMPLIANCE EXAMINATION
For The Year Ended June 30, 2012

FUND BALANCE (Amounts in Thousands)	Fiscal Year 2012		Fiscal Year 2011	
	Cash Balance	Budgetary Balances*	Cash Balance	Budgetary Balances*
Appropriated Funds				
General Funds.....	\$ 40,012	\$ (4,983,738)	\$ 469,169	\$ (4,507,412)
Highway Funds.....	1,110,922	943,838	999,175	910,825
Special State Funds.....	2,918,254	2,416,599	2,253,787	1,949,261
Bond Financed Funds.....	1,460,384	1,459,609	1,449,293	1,448,293
Debt Service Funds.....	1,321,522	1,321,522	1,307,792	1,132,599
Federal Trust Funds.....	289,615	(342,777)	204,120	(494,467)
Revolving Funds.....	69,747	74,467	40,965	(29,576)
State Trust Funds.....	<u>499,419</u>	<u>409,043</u>	<u>341,919</u>	<u>265,939</u>
Sub-Total.....	\$ 7,709,875	\$ 1,298,563	\$ 7,066,220	\$ 675,462
Non-Appropriated Funds				
Federal Trust Funds.....	\$ 6,517	\$ (10,011)	\$ 983	\$ 362
State Trust Funds.....	<u>1,807,750</u>	<u>1,769,079</u>	<u>1,646,891</u>	<u>1,645,850</u>
Sub-Total.....	\$ 1,814,267	\$ 1,759,068	\$ 1,647,874	\$ 1,646,212
GRAND TOTAL - ALL FUNDS.....	\$ 9,524,142	\$ 3,057,631	\$ 8,714,094	\$ 2,321,674

* Budgetary Balances the represent balances remaining after reduction of Cash Balances at June 30 by lapse period transactions.

FINANCIAL HIGHLIGHTS (Amounts in Thousands)	FY 2012	FY 2011
Total Revenues - All Funds.....	\$ 119,313,746	\$ 118,084,329
Total Expenditures - All Funds.....	<u>118,577,786</u>	<u>116,226,413</u>
Net Change in Budgetary Fund Balance - All Funds	\$ 735,960	\$ 1,857,916

FINANCIAL HIGHLIGHTS (Not Examined)	FY 2012	FY 2011
Interest Paid on Late Vendor Payments		
Department of Healthcare and Family Services.....	\$ 80,711,836	\$ 14,340,334
Court of Claims.....	2,207,401	829,581
Department of Corrections.....	1,818,566	5,044,351
All Other.....	<u>1,581,025</u>	<u>32,301,830</u>
Total Interest Paid.....	\$ 86,318,828	\$ 52,516,096

STATE COMPTROLLER
During Engagement Period: Honorable Judy Baar Topinka
Currently: Honorable Judy Baar Topinka

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**LATE PAYMENT OF STATUTORILY MANDATED
TRANSFERS**

The Office of the Comptroller did not make all transfers from the General Revenue Fund within the established timeframes, as required by statute.

Late payments made for inter-fund transfers totaling \$2.45 billion in FY12

The Office of the Comptroller processed transfers from 34 to 529 days after the mandated transfer date for a total of \$2.45 billion in FY12. Failure to make inter-fund transfers within applicable timeframes is in noncompliance with State law and might result in delayed use of appropriated funds.

Late payments due to cash management decisions

Comptroller officials stated the late payment of transfers occurred because of cash management decisions and prioritization due to the lack of available cash in the State Treasury. Further, some statutory provisions relating to transfers contain language such as “as soon as possible.” (Finding No. 12-1, page 10-11) **This finding was first reported in 2009.**

Office accepts the recommendation

Comptroller officials accepted the recommendation and stated they will continue to make transfers in the timeliest manner possible. (For previous response, see Digest Footnote #1)

AUDITORS’ OPINION

We conducted a compliance examination of the Comptroller's Fiscal Officer Responsibilities for the year ended June 30, 2012 as required by the Illinois State Auditing Act.

Our auditors stated the fund balances at June 30, 2012, and the revenues and expenditures for the year then ended relating to the State of Illinois, Office of the Comptroller - Fiscal Officer Responsibilities’ Traditional Budgetary Financial Report, are fairly presented in all material respects. The auditors noted the financial statements have been prepared on a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

**General Revenue Fund Budgetary
Balance deficit of \$4.99 billion at
June 30, 2012**

The budgetary basis fund balance of the General Funds decreased by \$476,325,598 during the fiscal year ended June 30, 2012. At June 30, 2012, the budgetary basis fund balance of the General Funds was a deficit of \$4,983,737,552.



WILLIAM G. HOLLAND
Auditor General

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SPECIAL ASSISTANT AUDITORS

Sikich LLP were our Special Assistant Auditors for this engagement.

DIGEST FOOTNOTES

#1 - LATE PAYMENT OF STATUTORILY MANDATED TRANSFERS

2011: Comptroller officials concurred with the recommendation and stated they would continue efforts to make transfers in as timely manner as possible.