

REPORT DIGEST

**OFFICE OF THE COMPTROLLER
NON-FISCAL OFFICER RESPONSIBILITIES
FINANCIAL AND COMPLIANCE AUDIT
FOR THE TWO YEARS ENDED JUNE 30, 1994**

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

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

AUDITS NOT PERFORMED ON DELINQUENT GOVERNMENT UNITS

There are 7,208 units of local government in Illinois. The specific types and numbers of each are detailed as follows:

Counties	102
Cities	329
Villages	938
Township Units	3,208
Drainage Districts	796
Fire Protection Districts	779
Park Districts	303
Library Districts	243
Sanitary Districts	126
The Remaining 18 Types	<u>384</u>
Total Local Governments	<u>7,208</u>

Of these governmental units, 91 units required to submit annual financial reports to the Office of the Comptroller have not done so for three years. The Governmental Account Audit Act (50 ILCS 310/4) states that, "If the required report is not filed within eight months after the close of the fiscal year of the governmental unit, the Comptroller shall cause an audit to be made..."

The Office of the Comptroller has not arranged for audits of these units to occur due to a variety of circumstances, mainly funding. In previous years, limited funds were appropriated for the purpose of contracting for audits. However, due to the reluctance of local government officials to cooperate with the audits, as well as the difficulty in contracting auditors, much of the funding was not utilized. Therefore, in fiscal year 1994, a Local Audits Revolving Fund was established to provide additional funds for audits required by the statute. However, the Comptroller did not receive authorization to use the Comptroller's Audit Expense Revolving Fund until November 1994, which is subsequent to the audit period. The Comptroller's Audit Expense Revolving Fund currently contains approximately \$20,000, which has been committed to the audit of the Village of Alorton for fiscal years 1991 through 1994. (Finding 1, page 10)

We recommended the Comptroller continue efforts to utilize all available funds, both from appropriations and from the Revolving Fund, in order to increase the number of annual audits conducted on delinquent local government units.

Comptroller officials stated they agree with our recommendation and that they will continue to utilize all available funds to increase the number of annual audits and compliance by the local government units.

The Agency notes that each unit is allowed 180 days from the end of its fiscal year to file its audit report and, if needed, an extension period of 60 days may be granted if requested.

According to the Comptroller's response, many of these units have limited staff and a heavy turnover of elected officials. There is also a common problem of lack of cooperation during transition which contributes to many of the smaller units being late in filing. A Comptroller's review of the status of reporting units in October of 1992 revealed that 91 of them were three or more years delinquent. The Comptroller noted the major compliance problem was in the area of smaller units. Of the 91 units that were three years delinquent, most served populations of 300 or less.

Comptroller officials stated they made a decision to use their limited resources to make a concerted effort to focus on those units that were clearly in non-compliance. They determined that units that were delinquent three years or more should be the primary target of their efforts. In addition to audits and threatened audits, the Comptroller officials state they implemented a public awareness campaign (Comptroller's Local Government Watch List) and an intergovernmental cooperative effort (letters to county clerks and local government professional organizations) to gain compliance from these units. The Comptroller's Office reports that this effort has been successful in reducing the number of units in that target group to 18 in 1994, one of which is the Village of Alorton.

OTHER FINDINGS

The remaining findings are less significant and have been given appropriate attention by the Comptroller's Office. We will review the Office's progress towards implementation of our recommendations in our next audit.

Mr. Merlyn Hepperly, Internal Audit Supervisor for the Comptroller's Office, provided the Agency responses to our findings and recommendations.

AUDITORS' OPINION

Our auditors stated the June 30, 1994 financial statements of the Comptroller's administered trust funds are fairly presented.

WILLIAM G. HOLLAND, Auditor General

WGH:KMM:jr

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	3	5
Repeated audit findings	2	1
Prior recommendations implemented or not repeated	3	6

SPECIAL ASSISTANT AUDITORS

Coopers & Lybrand LLP were our special assistant auditors assigned to the audit.

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EXPENDITURE STATISTICS	FY 1994	FY 1993	FY 1992
●Total Expenditures (All Funds)	\$42,192,291	\$40,681,242	\$40,938,976
<u>OPERATIONS TOTAL</u>	\$37,884,891	\$36,301,278	\$36,272,632
% of Total Expenditures	90%	89%	89%
Personal Services	28,651,015	27,535,016	27,387,003
% of Operations Expenditures	76%	76%	76%
Average No. of Employees	391	398	410
Other Payroll Costs (FICA, Retirement)	2,788,497	2,643,533	2,388,666
% of Operations Expenditures	7%	7%	7%
Contractual Services	3,628,472	3,426,914	3,530,590
% of Operations Expenditures	9%	9%	9%
All Other Operations Items	2,816,907	2,695,815	2,966,373
% of Operations Expenditures	8%	8%	8%
<u>GRANTS TOTAL</u>	\$4,307,400	\$4,379,964	\$4,666,344
% of Total Expenditures	10%	11%	11%
●Cost of Property and Equipment	\$9,749,960	\$9,570,981	\$9,551,493

AGENCY DIRECTOR(S)

During Audit Period: Honorable Dawn Clark Netsch
Currently: Honorable Loleta Didrickson