

The Financial Reporting Standards Board and The Financial Reporting Process



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Overview

FINANCIAL REPORTING STANDARDS BOARD



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Financial Reporting Standards Board

- **Public Act 97-1055**
 - Effective 08/23/12
 - Establishes the Financial Reporting Standards Board (FRSB)
 - Consists of 3 members appointed by the Comptroller and 3 members appointed by the Governor
 - The Board is given the power to:
 - Establish minimum qualifications for "GAAP Coordinators"
 - Establish minimum training requirements for "GAAP Coordinators"
 - Establish continuing education requirements for "GAAP Coordinators"
 - Establish best practice guidelines for GAAP package submission
 - Provide assistance during the GAAP cycle
 - Requires an internal audit of every State agency that submits a GAAP package



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Financial Reporting Standards Board

Summary of Board Activity

- First convened on September 25, 2013
- Established guidelines for annual internal audits, effective March 26, 2014
- Established minimum training requirements for GAAP Coordinators effective May 15, 2014
- Established minimum qualifications for all **New** GAAP Coordinators effective June 25, 2014



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Financial Reporting Standards Board

Summary of Board Activity (continued)

- Information relating to the Board, including minutes of previous meetings, upcoming meeting notices, and copies of the above mentioned guidelines may be found on their webpage:

<http://www2.illinois.gov/gov/pages/financial-reporting-standards.aspx>



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Internal Audit Guidelines

- Effective for the FY14 GAAP reporting season
- Submission of internal audit due no later than May 31st for the preceding fiscal year
- Areas of focus:
 - Deadlines
 - Data accuracy
 - Documentation of procedures
 - Review process
 - Documentation of staffing



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- **Minimum Training Requirements**
 - Effective for the FY14 GAAP reporting season
 - For agencies other than Universities, Component Units, and Retirement Systems:
 - Every GAAP Coordinator must attend one session of the annual GAAP WEDGE training offered by the Comptroller
 - If unable to attend, the GAAP Coordinator may certify, in writing, that they have reviewed a recording of the training session



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- **Minimum Training Requirements (continued)**
 - For Universities, Component Units, and Retirement Systems:
 - Those involved in the preparation and submission of GAAP forms should attend annual accounting and financial reporting training relevant to their entity needs
 - In addition, if required to use the WEDGE reporting system to report interfund transactions with other state agencies, any **New** GAAP Coordinator or their designee should attend a session of the GAAP/WEDGE training (or view a recording of the training) during their first year of involvement in the GAAP reporting process



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- **Minimum Qualifications for **New** GAAP Coordinators**
 - Includes definition of “GAAP Coordinator” and discusses transfers of GAAP Coordinators between agencies
 - Determined for 3 different levels, or “tiers,” of agencies
 - Tier 1 agencies – agencies required to prepare and submit financial statements for audit
 - Registered or licensed CPA, or other relevant certification
 - 3 years of experience in financial statement preparation, preferably governmental



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■ Minimum Qualifications for **New** GAAP Coordinators

- Tier 2 agencies – agencies not classified as Tier 1 or Tier 3 agencies
 - Registered or licensed CPA, or
 - Bachelor's degree in accounting, or
 - Bachelor's degree in a related field, with 15 hours of college credit in accounting, or
 - Obtain assistance by an accountant in the preparation of GAAP Package (i.e., contract with CPA firm)
- Tier 3 agencies – agencies required to submit fewer than 5 GAAP packages
 - No specific educational requirements
 - Expected to fully cooperate with the Office of the Comptroller in the preparation of agency GAAP packages



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Overview

THE FINANCIAL REPORTING PROCESS



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The Financial Reporting Process

■ GAAP project due dates

■ Legislative standards for GAAP reporting

- 15 ILCS 405/19.5
- Requires agencies to submit all information deemed necessary by the Comptroller on or before October 31
- Requires the Comptroller's Office to publish the CAFR by December 31, if:
 - All information is received in a timely manner,
 - Lapse period is not extended past August 31st, and
 - The Office of the Auditor General has completed its audit of the CAFR

■ Due dates for FY14 Agency Deliverables

- | | |
|--------------------------------|----------|
| ■ Lease information | 07/11/14 |
| ■ Compensated absences summary | 07/25/14 |
| ■ Interfund activity – Grantee | 08/01/14 |
| ■ Interfund activity – Grantor | 08/08/14 |
| ■ Capital assets summary | 08/08/14 |



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GAAP package due dates

▪ Locally-held fund packages	08/08/14
▪ Treasury-held fund packages	08/15/14
▪ General revenue fund packages, federal activity fund packages, and proprietary fund packages	08/22/14
▪ Investment trust fund packages, private purpose fund packages, and OPEB plan packages	09/08/14
▪ Significant funds at agencies preparing financial statements (preapproved)	09/08/14
▪ Component Units	09/12/14
▪ Universities	09/26/14
▪ Pension Trust Funds	09/30/14



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Training

- Offered to agency users prior to the GAAP season
- For FY14, training was broken out into 2 sessions:
 - Basic GAAP Training
 - WEDGE forms
 - Interfund transactions
 - Common manual forms
 - Advanced GAAP Training/Update
 - General overview of GAAP process
 - GASB Update
 - WEDGE Update
 - Common Issues noted on both WEDGE and manual forms



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The Financial Reporting Process

Training

- Training videos located on the Comptroller's website
 - www.ioc.state.il.us
 - Click on "Departments"
 - Click on "Financial Reporting"
 - Click on "WEDGE Training Video"
- Other training materials included on the Comptroller's website
 - Training manual – navigation of interfund transaction forms SCO567/568
 - Training manuals - navigation of WEDGE forms
 - Power point slides used in annual GAAP training



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SUBMITTED QUESTIONS FOR THE BOARD



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FRSB Members

- Mr. Daniel Cadigan, CPA
- Mr. William Crowley, CFE
- Mr. Robert Grogan, CPA, CFE
- Mr. Larry Lascody, CPA
- Mr. Don Templeman, CPA
- Mr. Sean Vinck, Esq.



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Questions for the FRSB

1. I would like to know if we should be reporting issues noted by the external audits as they relate to financial reporting if we note the same issue (or if it has not been corrected by report date).



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Questions for the FRSB

2. How many agencies are using GAAP Coordinators that don't meet minimum GAAP Coordinator qualifications for their agency based on their tier designation? I know FRSB information would be incomplete because not all agencies have completed GAAP audits.



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Questions for the FRSB

3. I'd like to get an idea of how many comments the typical agency has on its "GAAP Review Comments Sheet", or how many on each fund of an agency (since the Comments Sheets are by fund). I'm in the midst of the GAAP Audit and have no idea whether the number of comments I'm seeing (which seem to mostly concern errors made by the agency) are high, low or typical. This will be a consideration on my overall opinion of the GAAP process.



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Questions for the FRSB

4. I'd like to know the IOC review process of the GAAP packages. I.E., what do they look at to find potential errors? I understand they check to SCO reports but am curious what else they might do. It seems each agency should go through the same process used by the IOC before submitting GAAP packages. So such procedures could become audit recommendations.



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Questions for the FRSB

5. Is there a reason why the Comptroller's Office could not survey agencies to determine the qualifications of the GAAP Coordinators, but instead placed this duty on Internal Audit?



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Questions for the FRSB

6. What knowledge has the Board gleaned from their review of Internal Audit reports on the GAAP Process that will allow them to assist the State in improving the timeliness, quality, and processing of financial reporting for the State?



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Questions for the FRSB

7. Does the Board want us to include the documentation regarding staffing in our report?



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Questions for the FRSB

8. What are the consequences of not completing the audit due to a lack of sufficient numbers of trained internal auditing staff?



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Questions for the FRSB

9. Are there any efforts under way to help bring Agency's Internal Audit Function into compliance with the auditing mandate per 30 ILCS 30/20?



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Questions for the FRSB

10. What is the current status of the Open Meetings inquiry? Do you anticipate that the noncompliance letters will also be reviewed in closed session or will they be a matter of public record?



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Questions for the FRSB

11. What are the consequences if the GAAP Coordinators do not attend training or do not view the training videos?



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CONTACT INFORMATION

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