

The Financial Reporting Process



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JUDY BAAR TOPINKA

Overview

- **Preparation for the GAAP season – Agencies**
- **Preparation for the GAAP season – IOC**
- **WEDGE (web-based electronic data gathering environment) training**
- **Agency deliverables during the GAAP season**
- **GAAP package review process**
- **Areas of concern**
- **Financial Reporting Standards Board**
- **Questions**



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PREPARATION FOR THE GAAP SEASON - AGENCIES



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Preparation for the GAAP Season - Agencies

- **Monthly reconciliations**
 - Receipts/Expenditures
 - Cash balances
- **SAMS mandatory transfers**
 - Documentation of statutory authority for new transfers
 - Documentation of year end accruals, including held transfers
- **Vouchered interfund transfers**
 - Analysis of transactions with other state agencies
 - Federal activity with universities
- **Federal grant system**
 - Identification of grants ending during the current fiscal year
 - Identification of new grants during the current fiscal year



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Preparation for the GAAP Season - Agencies

- **Leases**

- Update/rollforward all lease information on a monthly/quarterly basis
- Submit form SCO560 for new leases through the year
- IOC sends preliminary year end lease reports out to State agencies approximately 8 weeks prior to year end for verification/reconciliation

- **Capital assets**

- Update/rollforward all capital asset information on a monthly/quarterly basis
- Reconcile capital asset information to quarterly C-15 reports



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PREPARATION FOR THE GAAP SEASON - IOC



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Preparation for the GAAP Season - IOC

- **Planning phase – 3 months prior to year-end**
 - **Review of recently issued GASB pronouncements**
 - **Identification of new funds and required GAAP packages for the upcoming year**
 - **Identification of changes in administering agencies**
 - **Leases – update/rollforward all submitted lease forms (SCO-560) for the first 9 months of the year**



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Preparation for the GAAP Season - IOC

- **Year-end procedures**
 - **WEDGE system and Federal Grant systems are made available to agencies within 2-3 weeks of year-end**
 - **Annual GAAP reporting letter mailed out to agencies**
 - **Listing of all GAAP packages required for each agency**
 - **Revenue reports**
 - **Expenditure reports**
 - **Unexpended appropriation reports**
 - **Held transfers and held warrants**



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WEDGE (WEB-BASED ELECTRONIC DATA GATHERING ENVIRONMENT) TRAINING



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WEDGE Training

- **WEDGE training**
 - Training is offered to agency users prior to the GAAP season
 - Training video 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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AGENCY DELIVERABLES FOR THE GAAP SEASON



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Agency Deliverables for the GAAP Season

- **GAAP project due dates**
 - **Stricter 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
 - **Due dates for FY13**

■ Lease information	07/12/13
■ Compensated absences summary	07/26/13
■ Interfund activity – Grantee	08/02/13
■ Interfund activity – Grantor	08/09/13
■ Capital assets summary	08/09/13



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Agency Deliverables for the GAAP Season

- **Compensated absences summary**
 - Agencies are required to submit a summary of compensated absences
 - The form is mailed to agencies, with the prior year balances pre-populated
- **Interfund activity**
 - The grantee/receiving fund is required to enter information into the sco567, and when complete, submit to the grantor/providing fund for approval
 - The grantor/providing fund marks transaction agreed/disagreed
 - Delays in reporting interfund transactions will delay completion of GAAP packages
 - Transactions between funds within the same agency are not required to be completed until the GAAP package due date



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Agency Deliverables for the GAAP Season

■ Leases

- Year-end lease schedules are mailed to agencies within 1-2 days of year-end
- Agencies are required to update lease information through June 30 and return to the IOC within approximately 10 days

■ Capital assets

- Agencies are required to complete a summary of capital asset activity for the year
- The capital asset forms are used to prepare the capital asset footnote
- The capital asset forms are dependent upon the submission of the lease information
- The capital asset forms are reconciled by the IOC to submitted GAAP packages



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Agency Deliverables for the GAAP Season

■ GAAP package due dates

- | | |
|--|----------|
| ■ Locally-held fund packages | 08/09/13 |
| ■ Treasury-held fund packages | 08/16/13 |
| ■ General revenue fund packages, federal activity fund packages, and proprietary fund packages | 08/23/13 |
| ■ Investment trust fund packages, private purpose fund packages, and OPEB plan packages | 09/09/13 |
| ■ Significant funds at agencies preparing financial statements (preapproved) | 09/09/13 |
| ■ Component Units | 09/13/13 |
| ■ Universities | 09/27/13 |
| ■ Pension Trust Funds | 09/30/13 |



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GAAP PACKAGE REVIEW PROCESS



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GAAP package review process

- **1st review by IOC staff/consultants**
 - Detailed review – use of a review checklist
 - Includes tracing totals on manual forms to the WEDGE based forms
 - Includes a review of all posted journal entries
- **2nd review – IOC manager**
- **Review comments are emailed to GAAP coordinator -
response requested within 1 week**
- **Review comments received from agency and cleared**
- **GAAP packages are marked complete on the system,
and IOC version is available for viewing**
 - General policy is to mark packages complete on the system only when all packages for that agency are complete



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GAAP package review process

- **WEDGE system overview**
 - **The system has 3 “views”**
 - Agency
 - IOC
 - Auditor
 - **Agency view**
 - Operating statements start with uploaded SAMS balances of revenues and expenditures
 - Operating statements are read-only
 - Agencies use additional forms in WEDGE to post in-transit and accrual adjustments



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GAAP package review process

- **WEDGE system overview (continued)**
 - **IOC view**
 - Once agencies submit packages, they are rolled over to IOC status
 - Adjustments resulting from the IOC review process are posted in IOC view
 - Once the IOC review process is complete, agencies are able to view all changes
 - IOC view is read-only to all agency users
 - **Auditor view**
 - Audit adjustments deemed material are posted by the IOC staff in Auditor view
 - Auditor view is read-only to all agency users



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AREAS OF CONCERN



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Areas of Concern

- **Monthly/Quarterly internal reconciliations**
 - Cash balances – treasury-held and locally-held
 - Revenues/Expenditures
 - Fixed Assets/Leases
- **Year-end adjustments**
 - Review for adequate support/documentation
 - Cash in-transit, vouchers in-transit
 - Receivables
 - Estimation process
 - Allowance for doubtful accounts
 - Payables
 - Estimation process
 - Reconciliation to lapse period expenditures



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Areas of Concern

- **Federal revenue**

- Reconciliation of federal revenue per the SCO563 (Grant analysis form) and the trial balance
- 100% federal funds with reimbursable grants should report \$0 net assets

- **Deadlines**

- Critical deadlines
 - Leases
 - Capital Assets
 - Interfund activity
 - GAAP package submission
 - Response to review comments – within 1 week



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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 qualification 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

- **FRSB met on September 25, 2013**
 - **Introductory meeting**
 - **FRSB requested the Office of the Comptroller collect internal audit reports relating to the GAAP process**
 - **Audit reports should be submitted via email to financialreporting@mail.ioc.state.il.us**
 - **The email should include the agency name, agency number, agency contact person, agency contact phone number and agency contact email address**
 - **Accounting Bulletin 193 was issued October 16, 2013, summarizing these procedures**



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Financial Reporting Standards Board

- **FRSB met again on October 24, 2013**



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QUESTIONS?



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CONTACT INFORMATION

Katie Madonia, Director of Financial Reporting

217-782-2052

madonke@mail.ioc.state.il.us



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