



**STATE OF WISCONSIN**  
**Legislative Audit Bureau**

22 East Mifflin Street, Suite 500  
Madison, Wisconsin 53703  
(608) 266-2818  
Fax (608) 267-0410

[www.legis.wisconsin.gov/lab](http://www.legis.wisconsin.gov/lab)

Toll-free hotline: 1-877-FRAUD-17

Joe Chrisman  
State Auditor

December 22, 2011

Senator Robert Cowles and  
Representative Samantha Kerkman, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

We have completed our financial audit of the State of Wisconsin as of and for the fiscal year ended June 30, 2011. The State's financial statements, and our unqualified audit opinion on them dated December 21, 2011, were included in the State's Comprehensive Annual Financial Report, which can be found on the Department of Administration's website.

During the course of our audit, we identified internal control concerns that are required to be reported under *Government Auditing Standards*. The enclosed management letter includes our report on internal control over financial reporting and on compliance. In that report, we make recommendations for various state agencies to improve their financial reporting and to strengthen internal controls, including those over security of computer programs and electronic data. The management letter was provided to the Department of Administration and to the other state agencies to which we made recommendations for improvement. We will follow up during next year's audit to determine the extent to which state agencies have addressed these concerns.

In addition, we followed up on certain budgetary accounting matters we reported in a January 20, 2011 letter to the Joint Legislative Audit Committee. In that letter, we identified \$19.4 million in lapses during fiscal year (FY) 2009-10 from certain program revenue appropriations in excess of the available cash balances. In addition, we identified \$25.9 million in expenditures that were paid during FY 2009-10 but charged to FY 2010-11 accounts.

During FY 2010-11, we found that the Department of Administration took steps to prevent lapses from program revenue appropriations in excess of available cash balances. However, a total of \$567,500 was lapsed during FY 2010-11 from three program revenue appropriations due to an oversight. We also found during FY 2010-11 that state agencies appear to have discontinued the practice of paying for expenditures in one fiscal year but charging them to the next fiscal year. We found no FY 2010-11 payments that were inappropriately charged to FY 2011-12 accounts.

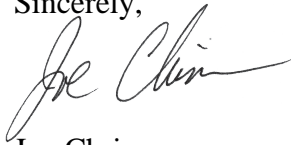
Senator Robert Cowles and Representative Samantha Kerkman, Co-chairpersons

Page 2

December 22, 2011

We appreciate the courtesy and cooperation extended to us by the Department of Administration and other state agencies during the audit.

Sincerely,



Joe Chrisman  
State Auditor

JC/KE/bm

Enclosure

cc: Senator Mary Lazich  
Senator Alberta Darling  
Senator Kathleen Vinehout  
Senator Julie Lassa

Representative Kevin Petersen  
Representative Robin Vos  
Representative Andy Jorgensen  
Representative Jon Richards

Michael Huebsch, Secretary  
Department of Administration

Stephen Censky, State Controller  
Department of Administration