

**BRIEFING SHEET**Report 19-30
December 2019State Auditor
[Joe Chrisman](#)**State of Wisconsin**

FY 2018-19 Financial Statements

Background

The Department of Administration (DOA) prepares the State of Wisconsin's Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting principles (GAAP). The report includes the State's financial statements for the past fiscal year and other information that describes the State's fiscal condition. To prepare the statements, DOA uses information from a variety of sources, including information provided by other agencies and the State's accounting system.

We conducted a financial audit of the State by auditing its financial statements in accordance with applicable government auditing standards, issuing our auditor's opinions, reviewing internal controls, and making recommendations for improvements.

Audit Results and Key Findings

We provided unmodified opinions on the State's fiscal year (FY) 2018-19 financial statements presented in the CAFR, which can be found on DOA's website. We provide an unmodified opinion when audit evidence supports the conclusion that the financial statements provide a fair view of an entity's financial activity in accordance with GAAP. Our audit report includes the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

We also found:

- the General Fund's balance improved from a deficit of \$1.3 billion as of June 30, 2018, to a deficit of \$773.5 million as of June 30, 2019;
- the balance of the Transportation Fund increased from \$655.9 million as of June 30, 2018, to \$694.5 million as of June 30, 2019; and
- the State's long-term debt decreased from \$13.9 billion as of June 30, 2018, to \$13.4 billion as of June 30, 2019.

We identified five reportable deficiencies in internal control, one of which we consider to be a material weakness and four that we consider to be significant deficiencies. The material weakness related to financial reporting requirements for the Injured Patients and Families Compensation Fund, which is administered by the Office of the Commissioner of Insurance (OCI). Three of the significant deficiencies related to information technology security concerns involving DOA. We also identified a significant deficiency in financial reporting processes at the Department of Transportation (DOT).

Audit Recommendations

We recommend OCI take steps to address the material weakness we identified. We recommend DOA and DOT take steps to address the significant deficiencies we identified.

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