



BRIEFING SHEET

Report 18-20
December 2018

State Auditor

[Joe Chrisman](#)**State of Wisconsin
FY 2017-18 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) 2017-18 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 \$1.6 billion as of June 30, 2017, to a deficit of \$1.3 billion as of June 30, 2018.
- The balance of the Transportation Fund increased from \$582.4 million as of June 30, 2017, to \$655.9 million as of June 30, 2018.
- The State's long-term debt increased from \$13.6 billion as of June 30, 2017, to \$13.9 billion as of June 30, 2018. Part of this increase relates to the issuance of refunding bonds that were required to be reported on June 30, 2018, as liabilities to the State.
- During FY 2017-18, the State issued \$1.9 billion in new general obligation bonds and notes, of which \$647.2 million was for University of Wisconsin System academic facilities and \$472.0 million was for transportation projects.

We identified ten reportable deficiencies in internal control, two of which, when combined, we consider to be a material weakness in internal control, and eight which we consider to be significant deficiencies in internal control. The material weakness relates to reporting of infrastructure capital assets and other nondepreciable capital assets by the Department of Transportation.

Audit Recommendations

Several significant deficiencies relate to information technology security policies, procedures, and controls. We include specific recommendations for DOA to report to the Joint Legislative Audit Committee by March 29, 2019, and for the Department of Employee Trust Funds to make improvements related to these concerns. We also identified significant deficiencies in certain financial reporting processes at DOA, the Office of the Commissioner of Insurance, and the Department of Health Services, and recommend each agency take steps to address the identified control deficiencies.

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