

**BRIEFING SHEET**Report 16-2
February 2016

State Auditor

[Joe Chrisman](#)**State of Wisconsin**
Fiscal Year 2014-15 Financial Statements**Background**

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

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) 2014-15 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.

In our summary letter, which was issued on December 18, 2015, we reported:

- The General Fund's GAAP deficit increased from \$1.4 billion as of June 30, 2014, to \$1.8 billion as of June 30, 2015.
- The balance of the Transportation Fund increased in FY 2014-15 primarily due to a one-time transfer of \$133.3 million from the General Fund to the Transportation Fund.
- The State's outstanding long-term debt remained at \$13.6 billion as of June 30, 2015.
- The State's proportionate share of the Wisconsin Retirement System net pension asset was \$686.9 million. The net pension asset is not available to finance the day-to-day operations of the State.

Our audit report includes the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters.

Audit Recommendations

We identified weaknesses in information technology (IT) security policies, procedures, and controls related to DOA and the University of Wisconsin (UW) System. We recommend DOA improve its IT policies and standards; the settings used to enforce its policies; and its oversight and monitoring of agency IT operations. We recommend UW System Administration assist UW institutions in implementing changes to IT controls and develop a UW System-wide IT security program.

We also identified significant deficiencies in certain financial reporting processes at the Department of Health Services and DOA. We recommend these agencies take steps to assess and implement additional or changed processes to address the identified weaknesses.

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