



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

**OFFICE OF THE TREASURER-
 COLLEGE SAVINGS PROGRAM**

**Financial Audit
 For the Year Ended June 30, 2023**

Release Date: September 19, 2024

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS			
	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	No Repeat Findings
Category 2:	1	0	1	
Category 3:	0	0	0	
TOTAL	1	0	1	
FINDINGS LAST AUDIT: 0				

INTRODUCTION

The College Savings Program (Program) was established in March 2000 pursuant to P.A. 91-0607 which authorizes the State Treasurer to establish and administer a “qualified state tuition program” under Section 529 of the Internal Revenue Code of 1986, as amended. Participants of the Program have a choice of two Section 529 investment programs, the Bright Start College Savings Program and the Bright Directions College Savings Program. The State Treasurer selected an investment firm (Manager) to advise the Office on the investment of the Trust assets, to administer the Trust assets, and to provide other services relating to the Program. The Treasurer acts as trustee and is responsible for the overall administration of the program.

To administer the Program, the Treasurer has established a division entitled “The College Savings Program Division.” The revenues and expenditures of the division are recorded in an enterprise proprietary fund maintained by the Treasurer entitled College Savings Program Administrative Trust Fund. An investment trust fund was used to account for assets held by the Program in a trustee capacity or as an agent for individuals throughout the United States. At June 30, 2023, assets in this fund totaled \$17,305,941,034.

SYNOPSIS

- (23-01) The Office of the Treasurer (Office) had inadequate internal controls over the Office’s College Savings Program financial statement preparation and review process.

Category 1: Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3: Findings that have no internal control issues but are in noncompliance with State laws and regulations.

OFFICE OF THE TREASURER - COLLEGE SAVINGS PROGRAM
FINANCIAL AUDIT
For the Year Ended June 30, 2023

STATEMENTS OF FIDUCIARY NET POSITION	2023	2022
Assets:		
Cash and Cash Equivalents.....	\$ 1,203,392,534	\$ 1,077,463,880
Capital Shares Receivable.....	23,562,488	19,565,056
Dividends Receivable.....	27,516,975	20,950,168
Mutual Funds.....	16,051,469,037	14,276,730,738
Total Assets.....	<u>\$ 17,305,941,034</u>	<u>\$ 15,394,709,842</u>
Liabilities and Net Position:		
Capital Shares Payable.....	\$ 19,341,105	\$ 17,991,778
Other Liabilities.....	13,696,861	9,261,784
Total Liabilities.....	<u>33,037,966</u>	<u>27,253,562</u>
Net Position Held in Trust for Participants.....	17,272,903,068	15,367,456,280
Total Liabilities and Net Position.....	<u>\$ 17,305,941,034</u>	<u>\$ 15,394,709,842</u>

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION	2023	2022
Additions		
Investment Income (Expense):		
Investment Earnings.....	\$ 466,643,235	\$ 498,940,271
Class Action Recovery.....	74,156	1,773,459
Net Change in Fair Value of Investments	1,041,080,224	(2,598,191,886)
State Administrative Fees.....	(2,500,329)	(3,050,000)
12b-1 Fees.....	(31,368,934)	(19,404,508)
Other Operating Expenses.....	(7,031,591)	(851,794)
Management and Bank Custodial Fees.....	(15,961,647)	(16,360,333)
Net Investment Earnings.....	<u>1,450,935,114</u>	<u>(2,137,144,791)</u>
Other participant transactions:		
Program Contributions.....	1,804,483,508	2,006,944,837
Total Increase from Participant Transactions.....	<u>1,804,483,508</u>	<u>2,006,944,837</u>
Total Additions.....	3,255,418,622	(130,199,954)
Deductions		
Program Distributions.....	1,349,971,834	1,268,837,704
Total Deductions.....	<u>1,349,971,834</u>	<u>1,268,837,704</u>
Change in Net Position.....	1,905,446,788	(1,399,037,658)
Net Position, Beginning of Fiscal Year.....	15,367,456,280	16,766,493,938
Net Position, End of Fiscal Year.....	<u>\$ 17,272,903,068</u>	<u>\$ 15,367,456,280</u>

SELECTED ACTIVITY MEASURES (unaudited)	2023	2022
Number of Illinois Participants (Bright Start).....	259,905	250,289
Balance of Illinois Participants (Bright Start).....	\$ 8,441,483,339	\$ 7,385,973,957
Number of Out of State Participants (Bright Start).....	52,963	49,713
Balance of Out of State Participants (Bright Start).....	\$ 1,819,136,104	\$ 1,531,982,766
Number of Illinois Participants (Bright Directions).....	193,435	191,210
Balance of Illinois Participants (Bright Directions).....	\$ 4,696,606,118	\$ 4,299,212,521
Number of Out of State Participants (Bright Directions).....	47,868	46,474
Balance of Out of State Participants (Bright Directions).....	\$ 2,316,403,007	\$ 2,150,963,932

STATE TREASURER

During Audit Period: Honorable Michael Frerichs
Currently: Honorable Michael Frerichs

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROLS RELATED TO
REVIEW OF FINANCIAL STATEMENTS**

The Office of the Treasurer (Office) had inadequate internal controls over the Office’s College Savings Program financial statement preparation and review process

Savings account amounts incorrectly included in investment note disclosure

During preparation of the College Savings Program notes to the financial statements, the Office incorrectly included savings account amounts in the total for the investment note disclosure, resulting in an overstatement of \$405,369,294. This was updated to the correct amount in the final financial statements (Finding 1, page 148).

We recommended the Office improve controls over the College Savings Program financial reporting process by performing and documenting due diligence procedures to verify the accuracy of financial reporting disclosures.

Office accepts the recommendation

The Office accepted the recommendation and stated they will implement procedures to improve on the College Savings Program financial reporting internal control processes.

AUDITOR’S OPINIONS

The auditors stated the financial statements of the Office of the Treasurer – College Savings Program as of and for the year ended June 30, 2023, and June 30, 2022, are fairly stated in all material respects.

This financial audit was conducted by Crowe LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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