

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

Compliance Examination
For the Two Years Ended June 30, 2023

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
For the Two Years Ended June 30, 2023**

Table of Contents

	<u>Page</u>
Office of the Treasurer's Officials	1
Management Assertion Letter	3
State Compliance Report	
Summary	5
Independent Accountant's Report on State Compliance and on Internal Control Over Compliance	7
Schedule of Findings	
Current Findings – State Compliance	10
Prior Findings Not Repeated	19

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
For the Two Years Ended June 30, 2023**

Office of the Treasurer's Officials

Treasurer	Honorable Michael W. Frerichs
Chief of Staff	Mr. G. Allen Mayer
Deputy Treasurers (September 1, 2023 to Present)	Ms. Catherine Shannon and Mr. Fernando Diaz
(July 1, 2021 to August 31, 2023)	Vacant
Chief Banking Officer (April 1, 2022 to Present)	Ms. Elizabeth Turner
Chief Banking Officer (<i>Acting</i>) (July 1, 2021 to March 31, 2022)	Ms. Elizabeth Turner
Chief Fiscal Officer (April 1, 2022 to Present)	Ms. Deborah Miller
Chief Fiscal Officer (<i>Acting</i>) (July 1, 2021 to March 31, 2022)	Ms. Deborah Miller
General Counsel & Ethics Officer	Ms. Laura Duque
Executive Inspector General for the Illinois State Treasurer (April 8, 2022 to Present)	Ms. Heather Stone
(March 26, 2022 to April 7, 2022)	Vacant
(November 19, 2021 to March 25, 2022)	Mr. Gary Shadid
(October 16, 2021 to November 18, 2021)	Mr. Chris Flynn
(July 1, 2021 to October 15, 2021)	Mr. Dennis Rendleman
Chief Internal Auditor (December 1, 2024 to Present)	Vacant
(July 1, 2021 to November 30, 2024)	Ms. Leighann Manning
Deputy Chief Fiscal Officer	Mr. Wes Howerton
Director of State Investments	Mr. Brenton Siemons
Director of State Banking	Ms. Morgan Nessler

Office of the Treasurer's Offices

The Office of the Treasurer had the following administrative office locations during the year:

Executive Office
State Capitol Building
219 State House
Springfield, Illinois 62706

Chicago Office Legal/Programmatic
State Treasurer's Office
555 W. Monroe, 14th Floor
Chicago, Illinois 60661

Operational Divisions
Marine Bank Building
1 East Old State Capitol Plaza
Springfield, Illinois 62701



OFFICE OF THE ILLINOIS STATE TREASURER
MICHAEL W. FRERICHs

June 27, 2025

Crowe LLP
3601 Wabash Avenue Suite 203
Springfield, Illinois 62711

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Office of the Treasurer (Office), Non-Fiscal Officer Responsibilities. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Office's compliance with the following specified requirements during the two-year period ended June 30, 2023. Based on this evaluation, we assert that during the years ended June 30, 2022 and June 30, 2023, the Office has materially complied with the specified requirements listed below.

- A. The Office has obligated, expended, received and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Office has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Office has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Office are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Office on behalf of the State or held in trust by the Office have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

State Capitol
Room 219
Springfield, IL 62706
Phone: (866) 458-7327
Fax: (217) 785-2777
TTY: (866) 877-6013

555 West Monroe Street
14th Floor
Chicago, IL 60661
Phone: (866) 458-7327
Fax: (312) 814-5930
TTY: (866) 877-6013

Marine Bank Building
1 East Old State Capitol Plaza
Springfield, IL 62701
Phone: (866) 458-7327
Fax: (217) 524-3822
TTY: (866) 877-6013

Sincerely,

State of Illinois, Office of the Treasurer

SIGNED ORIGINAL ON FILE

Honorable Michael W. Frerichs
Treasurer

SIGNED ORIGINAL ON FILE

Mr. G. Allen Mayer
Chief of Staff

SIGNED ORIGINAL ON FILE

Ms. Deborah Miller
Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Ms. Laura Duque
General Counsel & Ethics Officer

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
For the Two Years Ended June 30, 2023**

State Compliance Report

Summary

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standard language.

Summary of Findings

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	5	6
Repeated findings	3	4
Prior recommendations implemented or not repeated	3	2

Schedule of Findings

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2023-001	10	New	Inadequate Controls over Census Data	Significant Deficiency and Noncompliance
2023-002	12	New	Lack of Controls over External Service Providers	Significant Deficiency and Noncompliance
2023-003	14	2021/2021	Lack of Controls over State Property Reporting	Significant Deficiency and Noncompliance
2023-004	16	2021/2003	Noncompliance with Office Personnel Policies and Procedures	Significant Deficiency and Noncompliance
2023-005	18	2021/2017	Lack of Controls over Monthly Reconciliations	Significant Deficiency and Noncompliance

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
For the Two Years Ended June 30, 2023**

Schedule of Findings - Continued

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Prior Findings Not Repeated				
A	19	2021/2011	Lack of Controls over Unclaimed Property	Significant Deficiency and Noncompliance
B	19	2021/2019	Lack of Controls over Agency Fee Imposition Reports	Significant Deficiency and Noncompliance
C	19	2021/2021	Inadequate Control over Petty Cash Fund	Significant Deficiency and Noncompliance

Exit Conference

The Office waived on exit conference in correspondence from Deborah Miller, Chief Fiscal Officer, on June 17, 2025. The responses to the recommendations were provided by Deborah Miller, Chief Fiscal Officer, in a correspondence dated June 25, 2025.



Independent Accountant's Report on State Compliance and on Internal Control Over Compliance

Honorable Frank J. Mautino
Auditor General
State of Illinois

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois (State), Office of the Treasurer, NonFiscal Officer Responsibilities' (Office) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2023. Management of the Office is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Office's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Office has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Office has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt or use.
- C. The Office has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the Office are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Office on behalf of the State or held in trust by the Office have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied, with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Office complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Office's compliance with the specified requirements.

In our opinion, the Office complied with the specified requirements during the two years ended June 30, 2023, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2023-001 through 2023-005.

The Office's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Office's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Office is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Office's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Office's compliance with the specified requirements and to test and report on the Office's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness* in internal controls is a deficiency, or a combination of deficiencies, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 through 2023-005 that we consider to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Office's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Office's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Crowe LLP

Oakbrook Terrace, Illinois
June 27, 2025

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings – Current Findings
For the Two Years Ended June 30, 2023**

Current Findings – State Compliance

2023-001 FINDING: (Inadequate Controls over Census Data)

The Office of the Treasurer (Office) did not retain reconciliation documentation to support all census data submitted and certified to the Office's pension and other post-employment benefits (OPEB) plans that was complete and accurate for Office's State Employee's Retirement System of Illinois (SERS) employees.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive or retired members of a pension or OPEB plan. Responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and transmit this census data to the plan's actuary.

The Office timely submitted the reconciliation certification to SERS; however, the Office was unable to provide supporting documentation utilized to validate the accuracy of census data between the Office and SERS data. SERS required a baseline reconciliation of all employees for the year ended June 30, 2021 during fiscal year 2022 and continuation of yearly reconciliations. We were unable to complete testing over the fiscal year 2022 or 2023 reconciliations due to lack of supporting data.

For employers participating in plans with multiple-employer and cost sharing characteristics, the American Institute of Certified Public Accountants' Audit and Accounting Guide: State and Local Governments (AAG-SLG) (13.177 for pensions and 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on the employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (13.181 (A-27) for pensions and 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Further, the State Records Act (5 ILCS 160/8) requires the Office to make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Office's activities.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Office officials indicated a reconciliation was completed but documentation of the reconciliation was not retained due to employee turnover.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings – Current Findings
For the Two Years Ended June 30, 2023**

Current Findings – State Compliance (Continued)

2023-001 FINDING: (Inadequate Controls over Census Data) - Continued

Failure to maintain and reconcile active members' census data reported to and held by SERS to the Office's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the State's pension and OPEB balances, which may result in a misstatement of these amounts. (Finding Code No. 2023-001)

Recommendation

We recommend the Office maintain documentation of all data utilized to reconcile its active members' census data from its underlying records to the report of the census data submitted to each plan's actuary.

Office Response

The Office accepts the recommendation. The reconciliation was completed by comparing data electronically. We will develop a process to document the reconciliation with the census data used.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings – Current Findings
For the Two Years Ended June 30, 2023**

Current Findings – State Compliance (Continued)

2023-002 FINDING: (Lack of Controls over External Service Providers)

The Office of the Treasurer (Office) did not exercise adequate control over service organizations.

The Office uses service providers and vendors to carry out various programs and operational activities. The Office was unable to provide a listing of service organizations the Office considered significant to Office programs and operational activities for the years under examination.

The Office is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure its critical and confidential data are adequately safeguarded. This responsibility is not limited due to the process being outsourced. The Office provided a narrative of the online portal utilized to track and manage service organizations which includes notifications to ensure timely request of new System and Organization Controls (SOC) reports, timely review of SOC reports received and a built-in system control to identify any service organizations with SOC report due dates 182 days in the past from the current date. However, the Office did not assess the significance of those service organizations to Office programs and operational activities.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State's resources. In addition, the *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their IT environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control (SOC) reports or independent reviews.

Further, the State Records Act (5 ILCS 160/8) requires the Office make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Office's activities.

Office officials stated the issue is attributable to lack of documentation being maintained to support the identification of significant service organizations due to employee turnover during the audit period.

Failure to exercise adequate controls over service organizations significant to Office programs and operations may result in improper monitoring of services provided. (Finding Code No. 2023-002)

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings – Current Findings
For the Two Years Ended June 30, 2023**

Current Findings – State Compliance (Continued)

2023-002 FINDING: (Lack of Controls over External Service Providers) - Continued

Recommendation

We recommend the Office implement adequate controls over the management of service organizations which includes identification of service organizations the Office considers to be significant to programs and operational activities.

Office Response

The Office accepts the recommendation. We have implemented procedures to identify which services are deemed significant to programs and operational activities.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings – Current Findings
For the Two Years Ended June 30, 2023**

Current Findings – State Compliance (Continued)

2023-003 FINDING: (Lack of Controls over State Property Reporting)

The Office of the Treasurer (Office) did not properly calculate and review the depreciation of the Office's building resulting in inaccurate property reporting.

The following deficiencies were noted on the Form SCO-538 – Capital Asset Summary (SCO-538):

- Accumulated depreciation was overstated by \$14 thousand as of June 30, 2022 on the SCO-538. The overstatement relates to corrections the Office made in accounting for Capital Development Board (CDB) transfers.
- Accumulated depreciation was understated by \$270 thousand as of June 30, 2023 on the SCO-538. Depreciation recorded on the SCO-538 did not agree to the Office's underlying support.

According to the Statewide Accounting Management System (SAMS) Manual, Procedure 03.30.30, CDB reports projects considered to be substantially complete to agencies via the CDB Agency Turnover Report. Each agency is responsible for recording the capital assets transferred from CDB on their agency books and records.

SAMS Manual, Procedure 27.20.38, states the purpose of the SCO-538 is to ensure all capital assets of State agencies are reported in the State of Illinois' GAAP financial statements.

SAMS Manual, Procedure 03.30.40, notes the Illinois Office of Comptroller (IOC) recommends agencies use the Full-Month Convention for determining the service date to be utilized when calculating depreciation. The Full-Month Convention allows for the Office to depreciate an asset for an entire month, regardless of when received.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports and to maintain accountability over the State's resources. Strong internal control practices include timely, documented reconciliations.

Office officials stated the FY22 overstatement was due to a reduction in the value of its building in FY21 that carried over and was not corrected in FY22. The Office officials stated the understatement in FY23 was due to transfers from CDB that were not properly recorded in the filing of the SCO-538.

Failure to exercise adequate controls over the capitalization and depreciation of property increases the potential for under or over-valuation of Office assets. (Finding Code No. 2023-003, 2021-001)

Recommendation

We recommend the Office implement adequate controls over depreciation of capital assets.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings – Current Findings
For the Two Years Ended June 30, 2023**

Current Findings – State Compliance (Continued)

2023-003 FINDING: (Lack of Controls over State Property Reporting) - Continued

Office Response

The Office accepts the recommendation and will work to implement additional internal controls to ensure proper recording of depreciation of capital assets.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings – Current Findings
For the Two Years Ended June 30, 2023**

Current Findings – State Compliance (Continued)

2023-004 FINDING: (Noncompliance with Office Personnel Policies and Procedures)

The Office of the Treasurer (Office) did not consistently conduct employee performance evaluations as required by Office policies.

Based on review of employee personnel files, we noted the following:

- Four of five (80%) employees eligible to receive a three-month performance evaluation upon employment at the Office did not receive an evaluation. Two employees were in fiscal year 2022 and three employees were in fiscal year 2023.
- Three of three (100%) employees eligible to receive a six-month performance evaluation did not receive an evaluation. Two employees were in fiscal year 2022, and one employee was in fiscal year 2023.
- Four of four (100%) employees eligible to receive a three-month performance evaluation upon promotion did not receive an evaluation. One employee was in fiscal year 2022, and three related to promotions during fiscal year 2023.
- Three of twenty-one (14%) annual performance evaluations were not available for review. All three evaluations occurred in fiscal year 2023.

This finding was first noted during the Office's Fiscal Year 2003 State Compliance Examination. As such Office management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Office's Personnel Rules (80 Ill. Adm. Code 620.420 (d)) require performance appraisals to be conducted annually for each certified employee. In addition, the Office's Employee Reference Manual states "All employees will generally be evaluated as follows: a new hire may receive two probationary evaluations: one at the end of the third month of the employee's probationary period and/or before the conclusion of six months; annually based on their hire date or anniversary date; before the end of a promotional probationary period, which is three months after promotion or transfer; and at any time deemed necessary by the immediate supervisor".

Office management stated that the Human Resources Division has made a concerted effort to have all directors and managers conduct performance evaluations by their due date but due to competing priorities, some supervisors failed to complete them in a timely fashion.

Employee performance evaluations are an effective management tool for helping employees toward common goals. Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. They should serve as a foundation for salary adjustments, promotions, demotions, discharge, layoff, and recall and reinstatement decisions. (Finding Code No. 2023-004, 2021-004, 2019-003, 2017-002, 2015-001, 2013-002, 11-2, 09-1, 07-2, 05-1, 03-2.)

Recommendation

We recommend the Office ensure performance evaluations are conducted in a timely manner and in accordance with the Treasurer's Office rules and policies.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings – Current Findings
For the Two Years Ended June 30, 2023**

2023-004 **FINDING:** (Noncompliance with Office Personnel Policies and Procedures) -
Continued

Office Response

The Office has amended the timeframe in which the online electronic performance appraisal system releases the reviews to supervisors to be a consistent date across the Office. This has significantly improved compliance in excess of 90%.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings – Current Findings
For the Two Years Ended June 30, 2023**

2023-005 FINDING: (Lack of Controls over Monthly Reconciliations)

The Office of the Treasurer (Office) did not complete timely monthly reconciliations.

For Fiscal Year 2022 and 2023 reconciliations between Illinois Office of Comptroller (IOC) records and the Office's records:

- One of five (20%) Agency Contract Report (SC-14) reconciliations tested was not performed within 60 days. The reconciliation was completed 76 days after month-end.
- Five of five (100%) Obligation Activity Report (SC-15) reconciliations did not include a reconciliation date. It cannot be determined whether the reconciliation was completed timely within 60 days.

Additionally, we noted the Office did not perform monthly reconciliations for five of eight (63%) locally held funds. Rather, the Office performed quarterly reconciliations for the funds.

Statewide Accounting Management System (SAMS) Manual, Procedure 07.30.20, requires agencies to reconcile their records to SAMS within 60 days of month-end. In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources. Good internal control practices include timely, documented reconciliations.

The Office indicated a misinterpretation of the SAMS manual.

Failure to reconcile financial reports on a timely basis could result in unresolved accounting differences and increases the risk of misappropriation of State funds. (Finding Code No. 2023-005, 2021-003, 2019-002, 2017-001)

Recommendation

We recommend the Office complete monthly reconciliations in a timely manner.

Office Response

The Office accepts the recommendation and will work with internal staff to ensure proper documentation of review is recorded.

**State of Illinois
Office of the Treasurer
Nonfiscal Officer Responsibilities**

**Compliance Examination
Schedule of Findings – Prior Findings Not Repeated
For the Two Years Ended June 30, 2023**

A. FINDING (Lack of Controls over Unclaimed Property)

During the prior examination, the Office of the Treasurer (Office) did not exercise adequate controls over unclaimed property inventory and reconciliations.

During the current examination, our testing indicated the Office implemented controls over unclaimed property inventory and reconciliations. (Finding Code No. 2021-002)

B. FINDING (Lack of Controls over Agency Fee Imposition Reports)

During the prior examination, the Office of the Treasurer (Office) did not maintain adequate controls over its Agency Fee Imposition Reports.

During the current examination, our testing of Fiscal year 2021 and 2022 Agency Fee Imposition Reports indicated the Office had made improvements. However, we did note an immaterial condition of noncompliance which will be reported in the Office's *Report of Immaterial Findings*. (Finding Code No. 2021-005, 2019-004)

C. FINDING (Inadequate Controls over Petty Cash Fund)

During the prior examination, the Office of the Treasurer (Office) did not maintain controls over filing petty cash usage reports.

During the current examination, our testing indicated the Office implemented controls over filing petty cash usage reports and subsequently closed the underutilized petty cash funds. (Finding Code No. 2021-006)