



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**OFFICE OF THE TREASURER**  
**FISCAL OFFICER RESPONSIBILITIES**

**Financial Audit**  
**For the Year Ended June 30, 2021**

**Release Date: June 16, 2022**

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
<b>Category 1:</b>	<b>0</b>	<b>1</b>	<b>1</b>	2020	<b>1</b>		
<b>Category 2:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>Category 3:</b>	<b>0</b>	<b>0</b>	<b>0</b>				
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>				
<b>FINDINGS LAST AUDIT: 1</b>							

**SYNOPSIS**

- **(21-01)** The Office had inadequate internal controls over the Office’s Fiscal Officer Responsibilities financial statement adjustment process.

<p><b>Category 1:</b> Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).</p> <p><b>Category 2:</b> Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.</p> <p><b>Category 3:</b> Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.</p>
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**OFFICE OF THE TREASURER  
FISCAL OFFICER RESPONSIBILITIES  
FINANCIAL AUDIT  
For the Year Ended June 30, 2021**

<b>ASSETS, LIABILITIES AND ACCOUNTABILITIES</b>	<b>JUNE 30, 2021</b>	<b>JUNE 30, 2020</b>
<b>Assets and Other Debits</b>		
Cash and Cash Equivalents.....	\$ 7,890,563,573	\$ 7,930,369,807
Deposits and Investments, short-term.....	9,508,906,462	8,532,515,973
Deposits and Investments, long -term.....	2,668,723,936	1,295,129,704
Securities Lending Collateral.....	5,491,725,001	4,344,267,500
Other Assets.....	17,415,428	44,185,817
Amount of Future General Revenue Obligated for Debt Service.....	38,606,144,231	39,078,463,342
<b>TOTAL ASSETS AND OTHER DEBITS.....</b>	<b>\$ 64,183,478,631</b>	<b>\$ 61,224,932,143</b>
<b>Liabilities and Accountabilities</b>		
Liabilities for Balances on Deposit.....	\$ 18,717,150,292	\$ 16,437,451,187
Obligations Under Securities Lending.....	5,491,725,001	4,344,267,500
General Obligation Indebtedness.....	39,884,426,093	40,330,955,005
Accountabilities.....	90,177,245	112,258,451
<b>TOTAL LIABILITIES AND ACCOUNTABILITIES.....</b>	<b>\$ 64,183,478,631</b>	<b>\$ 61,224,932,143</b>
<b>STATE TREASURER</b>		
During Engagement Period: Honorable Michael W. Frerichs		
Currently: Honorable Michael W. Frerichs		

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

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

The Office had inadequate internal controls over the Office's Fiscal Officer Responsibilities financial statement adjustment process.

**Clearing Account Deposits and Deposits in Transit as well as the Agencies' Deposits Outside the State Treasury accounts were each understated by \$1,635,711,097**

During testing of the Statements of Assets and Other Debits, Liabilities and Accountabilities (financial statements), it was determined the Clearing Account Deposits and Deposits in Transit as well as the Agencies' Deposits Outside the State Treasury accounts were each understated by \$1,635,711,097.

As the Office collects deposits into the State Treasury from various State of Illinois Agencies, the Office issues a non-negotiable draft for Agencies to utilize in recording the deposits with the IOC. Throughout the year several Agencies deposited the same non-negotiable drafts with the IOC more than one time. After the IOC accepted and credited these duplicate deposits as new deposits, the Office identified them as duplicates and sent correspondence to the responsible Agencies to rectify the duplication. At June 30, 2021, certain Agencies had not corrected their duplicate deposits. The Office's cash account reconciliations at June 30, 2021 reported reconciling items which included both the duplicate deposit as well as any other deposits for the day the duplicate occurred. When preparing the financial statements, the Office recorded a journal entry to adjust Clearing Account Deposits and Deposits in-Transit as well as Agencies' Deposits Outside the State Treasury accounts by the total of all reconciling items reported on their June 30, 2021 cash reconciliations. Only the duplicate deposit portion of the reconciling items would have been double counted in the available cash balance reported by the IOC. (Finding 1, page 131)

We recommend the Office improve controls over the financial reporting process for the Fiscal Officer Responsibilities, specifically verifying information received to prepare financial statements is being appropriately reviewed to facilitate accurate year-end adjustments.

**The Office accepted the recommendation**

The Office accepted the recommendation and stated they have adopted additional review and communication processes to identify and resolve agency duplications to facilitate accurate financial reporting and year-end adjustments. Further, the Office stated they plan to work with the IOC to prevent duplicate non-negotiable drafts from being credited.

**AUDITOR'S OPINION**

The auditors stated the financial statements of the Treasurer as of and for the years ended June 30, 2021, and June 30, 2020, 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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