



Illinois Department of Financial and Professional Regulation
Office of the Secretary

ROD R. BLAGOJEVICH
Governor

DEAN MARTINEZ
Secretary

April 30, 2007

Mr. William G. Holland
Auditor General
Office of the Auditor General
Iles Park Plaza
740 East Ash Street
Springfield, Illinois 62703

Dear Mr. Holland:

An evaluation of the internal fiscal and administrative controls of the Illinois Department of Financial and Professional Regulation in effect as of April 30, 2007, has been performed as required by the Fiscal Control and Internal Auditing Act.

The objectives of the systems of the internal fiscal and administrative controls of the Illinois Department of Financial and Professional Regulation are to provide reasonable assurance that:

1. Resources are utilized efficiently, effectively, and in compliance with applicable law;
2. Obligations and costs are in compliance with applicable law;
3. Funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation;
4. 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; and

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5. Funds held outside the State Treasury are managed, used and obtained in strict accordance with the terms of their enabling authorities and that no unauthorized funds exist.

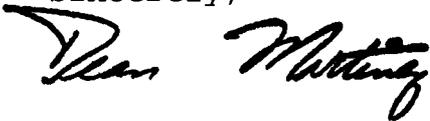
The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived there from, and that the benefits consist of reductions in the risks of failing to achieve the stated objectives. Estimates and judgments are required to assess the expected benefits and related costs of control procedures. Furthermore, errors or irregularities may occur and not be detected of inherent limitations in any system of internal accounting and administrative control, including those limitations resulting from resource constraints, legislative restrictions, and other factors.

Finally, projection of any evaluation of the system to future periods is subject to the risk that procedures may be inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate. Nonetheless, we have taken the necessary measures to assure that the evaluation identified in the first paragraph has been conducted in a thorough and conscientious manner.

The systems of internal fiscal and administrative controls of the Illinois Department of Financial and Professional Regulation do not fully comply with the requirements of the Fiscal Control and Internal Auditing Act. The attachment to this letter is a corrective action plan for each weakness and:

- a) fully describes the weakness;
- b) provides a plan and schedule for correcting the weakness; and
- c) includes a determination as to whether the weakness is material.

Sincerely,



Dean Martinez
Secretary

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Attachment