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OFFICE OF THE PRESIDENT

421 Hovey Hall • Campus Box 1000 • Normal, IL 61790-1000

Telephone: (309) 438-5677

A handwritten signature in black ink, appearing to be 'P. M.', with a diagonal line drawn through it.

April 10, 2007

The Honorable William G. Holland
Auditor General
Iles Park Plaza
740 East Ash St.
Springfield, IL 62703-3154

Dear Mr. Holland:

An evaluation of the internal fiscal and administrative controls of Illinois State University was completed for the report due by May 1, 2007, as required by the Fiscal Control and Internal Auditing Act and was conducted in accordance with the guidelines established by the State Comptroller, in consultation with the Director of Central Management Services as approved by the Legislative Audit Commission.

The objectives of the system of the internal fiscal and administrative controls of Illinois State University 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 operation are properly recorded and accounted for and to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources;
5. Funds held outside the State Treasury are managed, used, and obtained in strict accordance with the terms of their enabling authorities; and
6. No unauthorized funds exist.

The Honorable William G. Holland
April 10, 2007

The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits expected to be derived therefrom, and that the benefits consist of reductions in the risks of failing to achieve the state 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 because 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, projections of any evaluation of the system to future periods are 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 system of internal fiscal and administrative controls of Illinois State University does fully comply with the requirements of this Act.

ILLINOIS STATE UNIVERSITY



Dr. C. Al Bowman, President