



STATE OF ILLINOIS
OFFICE OF THE STATE TREASURER

ALEXI GIANNOULIAS
STATE TREASURER

2007 APR 27 P 1:01
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AUDITOR GENERAL
SPFLD.

April 18, 2007

Honorable William G. Holland
Auditor General
Iles Park Plaza
740 East Ash
Springfield, Illinois 62703

Dear Mr. Holland:

An evaluation of the internal fiscal and administrative controls of the State Treasurer's Office in effect for the report due May 1, 2007 was performed in accordance with guidelines established by the Comptroller in consultation with the Director of Central Management Services.

The objectives of the system of the internal fiscal and administrative controls of the State Treasurer's Office 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 States' resources; and
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.

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The concept of reasonable assurance recognizes that the cost of inherent 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 stated objectives. Estimates and judgements 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, 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, I 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 State Treasurer's Office comply with the requirements of this Act.

A handwritten signature in black ink, appearing to read "Alexi Giannoulis".

Alexi Giannoulis, Treasurer
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Springfield, Illinois 62706

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