



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE TREASURER –
ILLINOIS ACHIEVING A BETTER LIFE EXPERIENCE PROGRAM

Financial Audit

Release Date: March 13, 2018

For the Period January 9, 2017 through June 30, 2017

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	0	1	No Repeat Findings			
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: N/A							

SYNOPSIS

- (17-1) The Office did not maintain adequate controls to ensure the external service provider’s internal controls were reviewed.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

{Financial data is summarized on next page.}

OFFICE OF THE TREASURER
ILLINOIS ACHIEVING A BETTER LIFE EXPERIENCE PROGRAM
FINANCIAL AUDIT
For the Year Ended June 30, 2017

STATEMENT OF FIDUCIARY NET POSITION	2017
Assets	
Investments.....	\$ 426,744
Total Assets.....	<u>\$ 426,744</u>
Net Position	
Net Position Held in Trust for Participants.....	\$ 426,744
Total Liabilities	<u>\$ 426,744</u>
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION	2017
Investment Income (Expense)	
Investment Earnings.....	\$ 4,925
Other Income.....	46
Management Fees.....	(178)
Other Expense.....	(67)
Total Additions.....	<u>4,726</u>
Other Participant Transactions:	
Program Contributions.....	434,159
Program Withdrawals.....	(12,141)
Total Increase from Participant Transactions.....	<u>422,018</u>
Change in Net Position.....	426,744
Net Position, Beginning of Year.....	0
Net Position, End of Year.....	<u>\$ 426,744</u>
TREASURER	
During Engagement Period: Honorable Michael Frerichs	
Currently: Honorable Michael Frerichs	

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**LACK OF ADEQUATE CONTROLS OVER THE
REVIEW OF EXTERNAL SERVICE PROVIDER**

The Office of the Treasurer (Office) did not maintain adequate controls to ensure the external service provider's internal controls were reviewed.

External service provider utilized for management of the ABLÉ Program

The Office utilized an external service provider for the management of the Achieving a Better Life Experience Program (ABLE). The external service provider was responsible for the operations of the ABLÉ Program including recordkeeping, investment advisory and administrative services. In addition, the external service provider used third party subservice organizations to perform certain significant services. The external subservice organizations were responsible for various services including the recordkeeping platform, custody and cash management, and providing services for the checking account product within the Checking option. As of June 30, 2017, the net position held in trust for participants was \$426,744.

Documentation of the analysis of external service provider's SOC report was not maintained

During testing, the auditors noted the Office did not maintain documentation of their analysis of the Service Organization Control (SOC) report for the external service provider and did not obtain or review the subservice organizations' SOC reports. (Finding 2017-001, page 24)

SOC reports for subservice organizations were not obtained or reviewed

We recommended the Office review the SOC reports and maintain documentation of their analysis.

Office personnel accept the auditor's recommendation

Office personnel accepted the recommendation and stated they will maintain written documentation of the review of the SOC reports going forward. In addition, Office personnel stated that senior staff have already been trained on this topic to ensure written documentation is available in the future.

AUDITOR'S OPINION

The auditors stated the Office of the Treasurer, ABLE Program financial statements as of June 30, 2017 and for the period January 9, 2017 through June 30, 2017, are fairly stated in all material respects.

This financial audit was conducted by Crowe Horwath 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

FJM:SJS