

State Employees' Retirement System of the State of Illinois

Compliance Examination of Census Data

For the Year Ended June 30, 2021
Performed as Special Assistant Auditors for
the Auditor General, State of Illinois

**State Employees' Retirement System
of the State of Illinois
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Table of Contents

	Page(s)
State of Illinois, Office of the Secretary of State	
Agency Officials	1
Management Assertion Letter	2
Compliance Report Summary	4
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	5
Schedule of Findings	
Current Finding	8
State of Illinois, Department of Children and Family Services	
Department Officials	10
Management Assertion Letter	11
Compliance Report Summary	13
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	15
State of Illinois, Department of Corrections	
Department Officials	18
Management Assertion Letter	19
Compliance Report Summary	21
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	22
State of Illinois, Department of Human Services	
Department Officials	25
Management Assertion Letter	27
Compliance Report Summary	29
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	30
State of Illinois, Department of Lottery	
Department Officials and Lottery Control Board Members	33
Management Assertion Letter	34
Compliance Report Summary	36
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	37
Schedule of Findings	
Current Finding - Compliance	40
State of Illinois, Department of Healthcare and Family Services	
Department Officials and Division Administrators	42
Management Assertion Letter	43
Compliance Report Summary	45
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	46

**State Employees' Retirement System
of the State of Illinois
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Table of Contents

	Page(s)
State of Illinois, Department of Revenue	
Department Officials	49
Management Assertion Letter	50
Compliance Report Summary	52
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	53
Schedule of Findings	
Current Finding - Compliance	56
State of Illinois, Capital Development Board	
Board Officials and Governing Board Members	58
Management Assertion Letter	59
Compliance Report Summary	60
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	61
State of Illinois, Environmental Protection Agency, Fund 270 – Water Revolving Fund	
Agency Officials	64
Management Assertion Letter	65
Compliance Report Summary	67
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	68
Illinois Student Assistance Commission	
Commission Officials and Governing Board Members	71
Management Assertion Letter	72
Compliance Report Summary	74
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	75
Illinois State Board of Education	
Agency Officials and Governing Board	78
Management Assertion Letter	80
Compliance Report Summary	82
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	83
Illinois Workers' Compensation Commission, Self-Insurers Security Fund	
Commission Officials and Self-Insurers Advisory Board Members	86
Management Assertion Letter	87
Compliance Report Summary	89
Independent Accountant's Report on Compliance and on Internal Control Over Compliance	90
Schedule of Findings	
Current Finding - Compliance	93

State of Illinois, Office of the Secretary of State

**State of Illinois
Office of the Secretary of State
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Agency Officials

Secretary of State	The Honorable Jesse White
Deputy Secretary of State/Chief of Staff	Mr. Thomas N. Benigno
Director of Internal Audit	Ms. Stell Mallios
General Counsel	Ms. Irene Lyons
Inspector General (7/1/19 – 12/11/20)	Mr. James Burns
Inspector General (12/12/20 – 1/5/21)	Vacant
Inspector General (interim) (1/6/21 – present)	Mr. Paul Thompson
Director of Budget and Fiscal Management/Chief Fiscal Officer	Ms. Jacqueline Price
Director of Accounting Revenue	Mr. John Grzymiski

Agency Offices

The Agency's primary administrative offices are located at:

Howlett Building
501 S 2nd St.
Springfield, Illinois 62756

Capitol Building
401 S. 2nd St., Room 213
Springfield, Illinois 62701

Chicago Location
100 W. Randolph St., Suite 5-400
Chicago, Illinois 60601



OFFICE OF THE SECRETARY OF STATE

JESSE WHITE ● Secretary of State

MANAGEMENT ASSERTION LETTER

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Office of the Illinois Secretary of State (Office) and reporting their significant elements of census data and related employer contributions within the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the Office's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Office has materially complied with the specified requirements listed below.

- A. All of the Office's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Office to the System. The significant elements of census data of the System include each employee's:
 - a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay; and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Office to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Sincerely,

State of Illinois, Office of the Illinois Secretary of State

SIGNED ORIGINAL ON FILE

Jesse White, Secretary of State

SIGNED ORIGINAL ON FILE

Jacqueline Price, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Irene Lyons, General Counsel

**State of Illinois
Office of the Secretary of State
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Schedule of Findings

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Finding				
2021-001	8	New	Inaccurate Census Data	Significant Deficiency and Noncompliance

Exit Conference

The Office waived an exit conference in correspondence from Amanda Trimmer, Chief Deputy Director, Department of Budget and Fiscal Management, on November 15, 2022. The response to the recommendation was provided by Amanda Trimmer, Chief Deputy Director, Department of Budget and Fiscal Management, in a correspondence dated November 23, 2022.



**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

The Honorable Jesse White
Secretary of State
State of Illinois, Office of the Secretary of State

External Auditors
State of Illinois, Office of the Secretary of State

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

Report on State Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the State of Illinois, Office of the Illinois Secretary of State (Office) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the Office is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Office's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the Office's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Office to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Office to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Office complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Office complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Office's compliance with the specified requirements.

In our opinion, the Office complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as item 2021-001.

The Office's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The Office's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Office is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Office's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Office's compliance with the specified requirements and to test and report on the Office's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. Accordingly, we do not express an opinion on the effectiveness of the Office's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a significant deficiency.

The Office's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The Office's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

**State of Illinois
Office of the Secretary of State
Compliance Examination of Census Data
Schedule of Findings**

For the Year Ended June 30, 2021

Finding No. 2021-001 Inaccurate Census Data

The Office of the Illinois Secretary of State (Office) had certain deficiencies in their internal control to ensure accurate census data was provided to the State Employees' Retirement System of Illinois (System) for use in the applicable annual actuarial valuations.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or other postemployment benefit (OPEB) plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuations (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Office's employees are members of both the pension plan administered by the System and the State Employees Group Insurance Program (SEGIP) sponsored by the State of Illinois which includes OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

During the performance of the census examination, it was identified that:

- During backwards testing, the auditors identified two of sixty (3%) employees included on Office payroll reports, one with an incorrect retirement deduction code and the other an incorrect date of birth.
- The Office had not performed an initial complete reconciliation of its census data recorded by the System to its internal records to establish a base year of complete and accurate census data.

The result of the error in the first bullet above led to inaccurate census data being utilized by the System and the State in the performance of the annual pension and OPEB actuarial valuation processes. The independent actuaries utilized by the System and the State of Illinois for the pension and OPEB plans deemed the errors immaterial to the plan level valuations as a whole.

For employers participating in plans with multiple-employer and cost-sharing characteristics, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expenses, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

Further, the State Records Act (5 ILCS 160/8) requires the Office make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Office's activities.

**State of Illinois
Office of the Secretary of State
Compliance Examination of Census Data
Schedule of Findings**

For the Year Ended June 30, 2021

Finding No. 2021-001 Inaccurate Census Data (Continued)

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Office establish and maintain a system, or systems, of internal fiscal and administrative control to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Office officials indicated these exceptions were due to oversight.

Failure to ensure census data reported to the System was complete and accurate may result in significant misstatements of the Office's financial statements and reduce the overall accuracy of System-related pension liabilities, deferred inflows and outflows of resources, and expense recorded by the State and its agencies. In addition, failure to reconcile active members' census data reported to and held by the System to the Office's records could result in each plan's actuary relying on incomplete or inaccurate census data in the calculation of the Office's pension and OPEB balances, which may result in a misstatement of these amounts.

Recommendation:

We recommend the Office strengthen controls to ensure accurate census data is provided to the System for use in the annual actuarial valuation process. If differences are noted between the Office's data and the System's data, these differences should be communicated timely and rectified to ensure the actuarial valuations are using accurate data.

Further, we recommend the Office work with the System to develop an annual reconciliation process of its active members' census data from its underlying records to a report from each plan of census data submitted to the plan's actuary. After completing an initial full reconciliation, the Office may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods.

Office Response:

The Office accepts this recommendation. The Office did perform the reconciliation of census data but the System was miscalculating some of the Office's employee data. The Office believes the problem has been found and will continue to work with the System to perform future reconciliations.

State of Illinois, Department of Children and Family Services

**State of Illinois
Department of Children and Family Services
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Department Officials

Director	Marc D. Smith (June 15, 2021 – present) Marc D. Smith (Acting) (April 15, 2019 – June 14, 2021)
Executive Deputy Director	Meaghan Jorgensen (August 16, 2022 – present) Vacant (January 1, 2022 – August 15, 2022) Derek Hobson (April 1, 2020- December 31, 2021)
Chief of Staff	Jassen Strokosch (July 16, 2020 – present) Vacant (July 1, 2020 – July 15, 2020)
Chief Financial Officer	Kiersten Neswick (February 16, 2022 – present) Joseph McDonald (Acting) (January 1, 2022 – February 15, 2022) Royce Kirkpatrick (May 16, 2019 – December 31, 2021)
General Counsel	Carol Melton (Acting) (September 22, 2022 – present) Amanda Wolfman (June 18, 2019 – September 21, 2022)
Chief Internal Auditor	Phillip Dasso (January 4, 2021 – present) Vacant (March 16, 2020 – January 3, 2021)

Administrative Offices

Springfield Office
406 East Monroe
Springfield, IL 62701

Chicago Office
100 West Randolph, Suite 6-100
Chicago, Illinois 60601

MANAGEMENT ASSERTION LETTER

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Department of Children and Family Services (Department) and reporting their significant elements of census data and related employer contributions within the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the Department's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Department has materially complied with the specified requirements listed below.

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System. The significant elements of census data of the System include each employee's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay; and,
 - retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.



Sincerely,

State of Illinois, Department of Children and Family Services

SIGNED ORIGINAL ON FILE

Marc D. Smith, Director

SIGNED ORIGINAL ON FILE

Kiersten Neswick, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Carol Melton, Acting General Counsel

**State of Illinois
Department of Children and Family Services
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	0	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Exit Conference

This report was discussed with Department personnel at an exit conference on December 6, 2022.

Attending were:

Department of Children and Family Services:

Marc Smith	Director
Kiersten Neswick	Chief Financial Officer
Jassen Strokosch	Chief of Staff
Phillip Dasso	Chief Internal Auditor
Carol Melton	Acting General Counsel
Joe McDonald	Associate Deputy of Budget and Finance
David Riley	Payroll Administrator

OAG:

Dennis M. Gibbons	Audit Manager
-------------------	---------------

**State of Illinois
Department of Children and Family Services
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Summary (Continued)

RSM US LLP:

Bill Sarb

Partner

Chad McCoy

Audit Manager



**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Mr. Marc D. Smith
Director
State of Illinois, Department of Children and Family Services

External Auditors
State of Illinois, Department of Children and Family Services

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

Report on State Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the State of Illinois, Department of Children and Family Services (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements.

In our opinion, the Department complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

State of Illinois, Department of Corrections

**State of Illinois
Department of Corrections
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Department Officials

Director	Mr. Rob Jeffreys
Assistant Director (7/08/22 – Present)	Ms. Alyssa Williams
Assistant Director (05/20/19 – 7/07/2022)	Vacant
Chief of Staff (08/16/22 – Present)	Ms. Latoya Hughes
Chief of Staff (07/02/22 – 08/15/22)	Vacant
Chief of Staff (12/01/19 – 07/01/22)	Ms. Camile Lindsay
Chief Legal Counsel (02/01/20 – Present)	Mr. Robert Fanning
Chief Administrative Officer (03/01/20 – Present)*	Mr. Jared Brunk
Chief Fiscal Officer (06/16/20 – Present)	Mr. James Deen
Chief Internal Auditor (07/16/20 – Present)	Ms. Amy Jenkins
Chief Internal Auditor (07/01/18 – 07/15/20)	Vacant
Chief Information Officer (02/01/22 – Present)	Mr. Christopher McDaniel***
Chief Information Officer (11/15/21 – 01/31/22)	Vacant
Chief Information Officer (09/01/21 – 11/14/21)	Mr. Krishna Brahmamdam**
Chief Information Officer (03/01/21 – 08/31/21)	Mr. Kelton Ingram
Chief Information Officer (01/01/21 – 02/28/21)	Vacant
Chief Information Officer (09/01/19 – 12/31/20)	Mr. Krishna Brahmamdam

* New position effective March 1, 2020

** On a seventy-five day contract

*** Position transitioned to DoIT – No longer IDOC employee

Correctional Industries

Chief Executive Officer (07/16/21 – Present)	Ms. Kim Larson
Chief Executive Officer (04/23/21 – 07/15/21)	Vacant
Chief Executive Officer (07/01/20 – 04/22/21)	Mr. Marvin Tucker
Assistant Chief Executive Officer (12/01/19 – Present)	Vacant
Chief Financial Manager (02/16/20 – Present)	Vacant

Department Office

1301 Concordia Court
Springfield, Illinois 62794

J.B. Pritzker
Governor



Rob Jeffreys
Director

The Illinois Department of Corrections

1301 Concordia Court, P.O. Box 19277 • Springfield, IL 62794-9277 • (217) 558-2200 TDD: (800) 526-0844

MANAGEMENT ASSERTION LETTER

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Department of Corrections (Department) and reporting their significant elements of census data and related employer contributions within the State Employments' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the Department's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Department has materially complied with the specified requirements listed below.

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System. The significant elements of census data of the System include each employee's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay; and,
 - retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Mission: To serve justice in Illinois and increase public safety by promoting positive change in individual in custody behavior, operating successful reentry programs, and reducing victimization.
www.illinois.gov/idoc

Sincerely,

State of Illinois, Department of Corrections

SIGNED ORIGINAL ON FILE

Rob Jeffreys, Director

SIGNED ORIGINAL ON FILE

James Deen, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Robert Fanning, Chief Legal Counsel

**State of Illinois
Department of Corrections
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	0	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Exit Conference

The Department waived an exit conference in a correspondence from Amy Jenkins, Chief Internal Auditor, on December 9, 2022.

**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Mr. Rob Jeffreys
Director
State of Illinois, Department of Corrections

External Auditors
State of Illinois, Department of Corrections

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the State of Illinois, Department of Corrections (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements.

In our opinion, the Department complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

State of Illinois, Department of Human Services

**State of Illinois
Department of Human Services
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Department Officials

Secretary	Grace B. Hou
Assistant Secretary (Operations)	Dulce Quintero
Assistant Secretary (Programs)	Vacant (1/1/2022 – Present) Kia Coleman (7/1/2019 – 12/31/2021)
Assistant Secretary (Firearm Violence Prevention*)	Chris Patterson (10/18/2021 – Present)
Budget Director	Tiffany Blair
Business Services Director	Paul Hartman
Chief of Staff	Ryan Croke
Chief Financial Officer	Robert Brock
Chief Operating Officer	Francisco DuPrey
Office of Contract Administration Director	Brian Bond (9/18/2020 – Present) Gary Kramer (7/29/2019 – 9/17/2020)
Chief Internal Auditor	Amy Macklin
Agency Procurement Officer	Jean Sandstrom
Fiscal Services Director	Mark Bartolozzi (2/1/2022 – Present) Vacant (1/1/2022 – 1/31/2022) Connie Sabo (7/1/2019 – 12/31/2021)
Chief People Officer	Britany Hendricks (11/8/2021 – Present) Vacant (11/6/2021 – 11/7/2021) Alvin Schexnider (3/16/2021 – 11/5/2021) Scott Viniard (7/1/2019 – 3/15/2021)
Management Information Services Chief	Steve Buche
Office of Community Relations Director	Marisa Kollias (7/6/2020 – Present) Meghan Powers (7/1/2019 – 7/5/2020)
Chief Legislative Liaison	Emily Katalinich (3/25/2022 – Present) Vacant (1/15/2022 – 3/24/2022) Andre Jordan (10/1/2019 – 1/14/2022)
Hispanic/Latino Affairs Director	Elizabeth Diaz Castillo
General Counsel	John F. Schomberg

**State of Illinois
Department of Human Services
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Department Officials (Continued)

Inspector General	Peter Neumer
Strategy, Equity & Transformation Director	Caronina Gimble (7/20/2020 – Present) Vacant (4/1/2020 – 7/9/2020)
Division of Substance Use Prevention & Recovery Director	Laura Garcia (03/09/2022 – Present) David Jones (10/19/2020 – 3/31/2022) Danielle Kirby (03/01/2018 – 10/18/2020)
Division of Rehabilitation Services Director	Rahnee Patrick
Division of Developmental Disabilities	Sarah Myerscough-Mueller (Acting 6/13/2022 – Present) Allison Stark (9/23/2019 – 6/12/2022)
Division of Mental Health Director	David Albert
Office of Family Community Services Director	Tim Verry
Division of Clinical, Administrative and Program Support Manager	Jennifer Aring
Grant Administration Director	Jose Ponce Martinez (6/1/2021 – Present) Sessy Nyman (7/1/2019 – 5/31/2021)
Civil Affairs Director & EEO/AA Officer	Vacant (12/3/2022 - Present) Anthony Ficarelli (8/1/2022 - 12/2/2022) Robert Grindle (3/16/2022 – 07/31/2022) Jayesh Hines-Shah (4/16/2021 – 3/15/2022) Vacant (8/16/2020 - 4/15/2021) Ganapathi Ramaswamy (7/1/2019 – 4/15/2021)
Labor Relations	Ed Jackson

* Authorization for this position was established in June 2021

Department Offices

Springfield Office
100 South Grand Avenue, East
Springfield, Illinois 62726

Chicago Office
401 South Clinton Street
Chicago, Illinois 60607



JB Pritzker, Governor

Illinois Department of Human Services

Grace B. Hou, Secretary

100 South Grand Avenue, East • Springfield, Illinois 62762
401 South Clinton Street • Chicago, Illinois 60607

MANAGEMENT ASSERTION LETTER

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Department of Human Services (Department) and reporting their significant elements of census data and related employer contributions within the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the Department's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Department has materially complied with the specified requirements listed below.

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System. The significant elements of census data of the System include each employee's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay; and,
 - retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Sincerely,

State of Illinois, Department of Human Services

SIGNED ORIGINAL ON FILE

57A684FDDFA44EB...
Grace B. Hou, Secretary

SIGNED ORIGINAL ON FILE

B694B226B0614FA...
Robert Brock, Chief Financial Officer

SIGNED ORIGINAL ON FILE

A4E4C1A711E24A9...
John F. Schomberg, General Counsel

**State of Illinois
Department of Human Services
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	0	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Exit Conference

The Department waived an exit conference in a correspondence from Christopher Finley, Internal Auditor and Audit Liaison, on December 5, 2022.



**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Ms. Grace B. Hou
Secretary
State of Illinois, Department of Human Services

External Auditors
State of Illinois, Department of Human Services

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

Report on State Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the State of Illinois, Department of Human Services (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements.

In our opinion, the Department complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

State of Illinois, Department of Lottery

**State of Illinois
Department of Lottery
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Department Officials

Director (03/22/22 – Present)	Mr. Harold Mays
Director (Acting) (07/01/19 – 03/21/22)	Mr. Harold Mays
Chief of Staff	Mr. Scott Gillard
Chief Financial Officer	Ms. Carol Radwine
General Counsel	Mr. Cornell Wilson
Chief Operations Officer (05/17/21 – Present)	Mr. Matthew Bell
Chief Operations Officer (Acting) (07/01/19 – 05/16/21)	Mr. James Bartlett
Chief Internal Auditor	Mr. Darick Clark

Lottery Control Board Officer

Chair (09/02/20 – Present)	Ms. Diana Sheehan
Chair (07/01/19 – 09/01/20)	Vacant

Lottery Control Board Members

Member (07/01/20 – Present)	Vacant
Member (08/23/21 – Present)	Ms. Sarah Alter
Member (07/02/21 – 08/22/21)	Vacant
Member (07/01/20 – 07/01/21)	Ms. Sarah Alter
Member (08/21/19 – Present)	Vacant
Member (03/26/21 – Present)	Ms. Alejandra Garza
Member (08/23/19 – 03/25/21)	Ms. Tarrah Cooper Wright
Member	Ms. Dianna Sheehan

Department Offices

Chicago Office
122 S. Michigan Avenue, 19th Floor
Chicago, Illinois 60603

Springfield Office
101 W. Jefferson Street
Springfield, Illinois 62702



MANAGEMENT ASSERTION LETTER

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Department of Lottery (Department) and reporting their significant elements of census data and related employer contributions within the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the Department's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Department has materially complied with the specified requirements listed below.

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System. The significant elements of census data of the System include each employee's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay; and,
 - retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Sincerely,

State of Illinois, Department of Lottery

SIGNED ORIGINAL ON FILE

Harold Mays, Director

SIGNED ORIGINAL ON FILE

Carol Radwine, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Cornell Wilson, General Counsel

**State of Illinois
 Department of Lottery
 Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Schedule of Findings

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Finding				
2021-001	40	New	Inaccurate Census Data	Significant Deficiency and Noncompliance

Exit Conference

The Department waived an exit conference in a correspondence from Darick Clark, Chief Internal Auditor, on November 14, 2022. The response to the recommendation was provided by Darick Clark, Chief Internal Auditor, in a correspondence dated November 23, 2022.

**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Lottery Control Board
State of Illinois, Department of Lottery

Mr. Harold Mays
Director
State of Illinois, Department of Lottery

External Auditors
State of Illinois, Department of Lottery

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

Report on State Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the State of Illinois, Department of Lottery (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.

- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements.

In our opinion, the Department complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as item 2021-001.

The Department's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The Department's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are

appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a significant deficiency.

The Department's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The Department's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

**State of Illinois
Department of Lottery
Compliance Examination of Census Data
Schedule of Findings**

For the Year Ended June 30, 2021

Finding No. 2021-001 Inaccurate Census Data

The Department of Lottery (Department) had certain deficiencies in their internal controls to ensure accurate census data was provided to the State Employees' Retirement System of Illinois (System) for use in the applicable annual actuarial valuations.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or other postemployment benefit (OPEB) plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuations (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Department's employees are members of both the pension plan administered by the System and the State Employees Group Insurance Program (SEGIP) sponsored by the State of Illinois which includes OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

During the performance of the census examination, the auditors identified, during backwards testing, one of twenty-three (4%) employees included on Department payroll reports had an incorrect retirement deduction code.

The result of this error led to contributions due to the plan being overstated and inaccurate census data being utilized by the System and the State in the performance of the annual pension and OPEB actuarial valuation processes. The independent actuaries utilized by the System and the State of Illinois for the pension and OPEB plans deemed the error immaterial to the plan level valuations as a whole.

The State Records Act (5 ILCS 160/8) requires the Department make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative control to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Department officials indicated this exception was due to oversight.

Failure to ensure census data reported to the System was complete and accurate may result in significant misstatements of the Department's financial statements and reduce the overall accuracy of System-related pension liabilities, deferred inflows and outflows of resources, and expense recorded by the State and its agencies.

**State of Illinois
Department of Lottery
Compliance Examination of Census Data
Schedule of Findings**

For the Year Ended June 30, 2021

Finding No. 2021-001 Inaccurate Census Data (Continued)

Recommendation:

We recommend the Department strengthen controls to ensure accurate census data is provided to the System for use in the annual actuarial valuation process. If differences are noted between the Department's data and the System's data, these differences should be communicated timely and rectified to ensure the actuarial valuations are using accurate data.

Department Response:

The Department accepts the finding. The single employee noted with an incorrect retirement code deduction was discovered by the Department during the annual reconciliation process with the State Employees' Retirement System (SERS) data. The Department immediately worked with SERS to rectify the error. The Department will continue to work with SERS to ensure accurate census data is provided to the System.

State of Illinois, Department of Healthcare and Family Services

**State of Illinois
Department of Healthcare and Family Services
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Department Officials

Director	Theresa Eagleson
Assistant Director (Acting) (4/16/21 – Present)	Jenny Aguirre
Assistant Director (Through 4/15/21)	Vacant
Chief of Staff	Ben Winick
General Counsel (11/1/19 – Present)	Steffanie Garrett
Inspector General (Acting) (4/16/21 – Present)	Brian Dunn
Inspector General (Acting) (1/1/20 – 4/15/21)	Patrick Conlon

Deputy Directors

Community Outreach	Kimberly McCullough-Starks
Administrative Operations (11/16/21 – Present)	Tanya Ford
Administrative Operations (Through 11/15/21)	Vacant
Human Resources (2/16/21 – Present)	Terri Shawgo
Human Resources (Through 2/15/21)	Vacant
New Initiatives (12/29/21 – Present)	Vacant
New Initiatives (Through 12/28/21)	Jane Longo

Division Administrators

Child Support Services (Interim) (2/16/21 – Present)	Brian Tribble
Child Support Services (1/1/21 – 2/15/21)	Vacant
Child Support Services (Through 12/31/20)	Mary Bartolomucci
Finance	Michael Casey
Medical Eligibility (Interim) (1/16/22 – Present)	Tracy Keen
Medical Eligibility (Established 11/1/20 – 1/15/22)	Vacant
Medical Programs	Kelly Cunningham
Personnel & Administrative Services (Interim) (3/17/21 – Present)	Ruth Ann Day
Personnel & Administrative Services (Acting) (Through 3/16/21)	Terri Shawgo

Department Offices

201 South Grand Avenue East Springfield, Illinois 62763	401 South Clinton Chicago, Illinois 62607
--	--



HFS

Illinois Department of
Healthcare and Family Services

JB Pritzker, Governor
Theresa Eagleson, Director

201 South Grand Avenue East
Springfield, Illinois 62763-0002

Telephone: (217) 782-1200
TTY: (800) 526-5812

MANAGEMENT ASSERTION LETTER

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Dear RSM:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Department of Healthcare and Family Services (Department) and reporting their significant elements of census data and related employer contributions within the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the Department's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Department has materially complied with the specified requirements listed below.

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System. The significant elements of census data of the System include each employee's:
 - a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay; and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Sincerely,

State of Illinois, Department of Healthcare and Family Services

SIGNED ORIGINAL ON FILE

Theresa Eagleson, Director

SIGNED ORIGINAL ON FILE

Michael Casey, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Steffanie Garrett, General Counsel

**State of Illinois
Department of Healthcare and Family Services
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	0	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Exit Conference

The Department waived an exit conference in a correspondence from Jamie Nardulli, Chief Internal Auditor, on December 2, 2022.

**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Ms. Theresa Eagleson
Director
State of Illinois, Department of Healthcare and Family Services

External Auditors
State of Illinois, Department of Healthcare and Family Services

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

Report on State Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the State of Illinois, Department of Healthcare and Family Services (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements.

In our opinion, the Department complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

State of Illinois, Department of Revenue

**State of Illinois
Department of Revenue
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Department Officials

Director	David Harris
Assistant Director	Vacant
Associate Director	Africa (7/16/20 – Present) Vacant (7/1/20 – 7/15/20)
Chief of Staff	Jim Nichelson
Chief Financial Officer	Cory Staley
Chief Internal Auditor	Nikki Lanier
General Counsel	Colin Bowes-Carlson (9/1/21 – Present) Brian Fliflet, Acting (7/1/20 – 1/31/22)

Department Offices

Springfield Location

Willard Ice Building
101 West Jefferson Street
Springfield, Illinois 62702

Des Plaines Location

Maine North Regional Building
9511 Harrison Avenue
Des Plaines, Illinois 60016

Marion Location

2309 West Main Street, Suite 114
Marion, Illinois 62959

Chicago Location

555 West Monroe Street, Suite 1100
Chicago, Illinois 60661

Fairview Heights Location

15 Executive Drive, Suite 2
Fairview Heights, Illinois 62208

Rockford Location

200 South Wyman Street
Rockford, Illinois 61101

101 West Jefferson Street
Springfield IL 62702
217.785.7570

555 West Monroe Street
Chicago IL 60661
312.814.3190



JB Pritzker
Governor

David Harris
Director

STATE OF ILLINOIS
DEPARTMENT OF REVENUE

MANAGEMENT ASSERTION LETTER

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Department of Revenue (Department) and reporting their significant elements of census data and related employer contributions within the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the Department's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Department has materially complied with the specified requirements listed below.

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System. The significant elements of census data of the System include each employee's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay; and,
 - retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Sincerely,

State of Illinois, Department of Revenue

SIGNED ORIGINAL ON FILE

David Harris, Director

SIGNED ORIGINAL ON FILE

Cory Staley, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Colin Bowes-Carlson, General Counsel

**State of Illinois
Department of Revenue
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Schedule of Findings

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Finding				
2021-001	56	New	Inaccurate Census Data	Significant Deficiency and Noncompliance

Exit Conference

The Department waived an exit conference in correspondence from Nikki Lanier, Chief Internal Auditor, on November 10, 2022. The response to the recommendation was provided by Nikki Lanier, Chief Internal Auditor, in a correspondence dated November 21, 2022.

**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Mr. David Harris
Director
State of Illinois, Department of Revenue

External Auditors
State of Illinois, Department of Revenue

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

Report on State Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the State of Illinois, Department of Revenue (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the Department is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Department's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Department to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Department to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Department's compliance with the specified requirements.

In our opinion, the Department complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as item 2021-001.

The Department's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The Department's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a significant deficiency.

The Department's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The Department's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

**State of Illinois
Department of Revenue
Compliance Examination of Census Data
Schedule of Findings**

For the Year Ended June 30, 2021

Finding No. 2021-001 Inaccurate Census Data

The Department of Revenue (Department) had certain deficiencies in their internal controls in place to ensure accurate census data was provided to the State Employees' Retirement System of Illinois (System) for use in the applicable annual actuarial valuations.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or other postemployment benefit (OPEB) plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuations (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Department's employees are members of both the pension plan administered by the System and the State Employees Group Insurance Program (SEGIP) sponsored by the State of Illinois which includes OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

During the performance of the census examination, the auditors identified, during forwards testing, that one out of sixty (2%) employees included on Department payroll reports had an incorrect retirement deduction code.

The result of this error led to inaccurate census data being utilized by the System and the State in the performance of the annual pension and OPEB actuarial valuation processes. The independent actuaries utilized by the System and the State of Illinois for the pension and OPEB plans deemed the error immaterial to the plan level valuations as a whole.

The State Records Act (5 ILCS 160/8) requires the Department make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative control to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Department officials indicated this exception was due to oversight.

Failure to ensure census data reported to the System was complete and accurate may result in a misstatement of the Department's financial statements and reduce the overall accuracy of System-related pension liabilities, deferred inflows and outflows of resources, and expense recorded by the State and its agencies.

**State of Illinois
Department of Revenue
Compliance Examination of Census Data
Schedule of Findings**

For the Year Ended June 30, 2021

Finding No. 2021-001 Inaccurate Census Data (Continued)

Recommendation:

We recommend the Department strengthen controls to ensure accurate census data is provided to the System for use in the annual actuarial valuation process. If differences are noted between the Department's data and the System's data, these differences should be communicated timely and rectified to ensure the actuarial valuations are using accurate data.

Department Response:

The Department has implemented controls over census data to ensure accurate reporting, including an annual reconciliation of census data. In relation to the one exception noted, we will implement a secondary review over employees eligible for the alternative formula to verify the accuracy of tier determination. We will timely communicate any differences to the System.

State of Illinois, Capital Development Board

**State of Illinois
Capital Development Board
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Board Officials

Director	James Underwood
Chief of Staff (8/17/2020 – Present)	Tamakia Edwards
Chief Financial Officer	Paula Sorenson
General Counsel	Amy Romano
Deputy Director of Operations	Kathryn Martin
Deputy Director of Construction (8/16/2020 – Present)	Vacant
Deputy Director of Construction (7/1/2020 – 8/15/2020)	Michael Wilson
Chief Internal Auditor	Jennifer Boen

CDB Board Members

Chair	Eileen Rhodes
Member	Glyn Ramage
Member	Pamela McDonough
Member (1/28/2022 – Present)	David Sidney
Member (7/1/2019 – 2/21/2021)	Martesha Brown
Member (11/2/2021 – Present)	Hipolito Roldán
Member (4/22/2019 – 10/6/2021)	David Arenas
Member	Beverly Potts
Member (05/14/2021 – Present)	Saul J. Morse

Board Office

300 William G. Stratton Building
401 South Spring Street
Springfield, Illinois 62706



MANAGEMENT ASSERTION LETTER

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Capital Development Board (CDB) and reporting their significant elements of census data and related employer contributions within the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the CDB's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the CDB has materially complied with the specified requirements listed below.

- A. All of the CDB's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the CDB to the System. The significant elements of census data of the System include each employee's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay; and,
 - retirement deduction code.
- C. The employer contributions remitted by the CDB to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Sincerely,

State of Illinois, Capital Development Board

SIGNED ORIGINAL ON FILE

James Underwood, Executive Director

SIGNED ORIGINAL ON FILE

Paula Sorensen, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Amy Romano, General Counsel

**State of Illinois
Capital Development Board
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	0	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Exit Conference

The CDB waived an exit conference in a correspondence from Jennifer Boen, Chief Internal Auditor, on December 5, 2022.

**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Governing Board
State of Illinois, Capital Development Board

Mr. James Underwood
Executive Director
State of Illinois, Capital Development Board

External Auditors
State of Illinois, Capital Development Board

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

Report on State Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System) we have examined compliance by management of the State of Illinois, Capital Development Board (CDB) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021 and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the CDB is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the CDB's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the CDB's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.

- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the CDB to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the CDB to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the CDB complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the CDB complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the CDB's compliance with the specified requirements.

In our opinion, the CDB complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the CDB is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the CDB's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the CDB's compliance with the specified requirements and to test and report on the CDB's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the CDB's internal control. Accordingly, we do not express an opinion on the effectiveness of the CDB's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

State of Illinois, Environmental Protection Agency, Fund 270 – Water Revolving Fund

**State of Illinois
Environmental Protection Agency
Fund 270 - Water Revolving Fund
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Agency Officials

Director	Mr. John J. Kim
Deputy Director	Mr. Todd Rettig
Chief of Staff	Ms. Laura Roche
Chief Legal Counsel	Mr. Charles Gunnarson
Chief Financial Officer (11/20/20 – Present)	Mr. Jacob Poeschel
Chief Financial Officer (11/01/20 – 11/19/20)	Vacant
Chief Financial Officer (07/01/20 – 10/31/20)	Ms. Courtney L. Bott
Chief Internal Auditor (01/01/21 – Present)	Ms. Ellen Jennings Fairfield
Chief Financial Officer (11/01/20 – 12/31/20)	Vacant
Chief Financial Officer (07/01/20 – 10/31/20)	Mr. James Froehner

Agency Office

1021 North Grand Avenue East
Springfield, Illinois 62794



MANAGEMENT ASSERTION LETTER

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the Water Revolving Fund of the State of Illinois, Environmental Protection Agency (Agency) and reporting their significant elements of census data and related employer contributions within the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the Agency's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Agency has materially complied with the specified requirements listed below.

- A. All of the Agency's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Agency to the System. The significant elements of census data of the System include each employee's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay; and,
 - retirement deduction code.
- C. The employer remitted by the Agency to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.



ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 • (217) 782-3397

JB PRITZKER, GOVERNOR

JOHN J. KIM, DIRECTOR

Sincerely,

State of Illinois, Environmental Protection Agency

SIGNED ORIGINAL ON FILE

E091E9B5AF734E9...
John J. Kim, Director

SIGNED ORIGINAL ON FILE

7711C77A924D45A...
Jacob Poeschel, Chief Financial Officer

SIGNED ORIGINAL ON FILE

6DBFBF4DAECF408...
Charles W. Gunnarson, Chief Legal Counsel

**State of Illinois
Environmental Protection Agency
Fund 270 - Water Revolving Fund
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	0	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Exit Conference

The Agency waived an exit conference in a correspondence from Ellen Jennings Fairfield, Chief Internal Auditor, on December 5, 2022.

**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Mr. John J. Kim
Director
State of Illinois, Environmental Protection Agency

External Auditors
State of Illinois, Environmental Protection Agency

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the Water Revolving Fund of the State of Illinois, Environmental Protection Agency (Agency) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021 and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the Agency is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the Agency's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by Agency to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Agency to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Agency's compliance with the specified requirements.

In our opinion, the Agency complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Agency's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Agency's compliance with the specified requirements and to test and report on the Agency's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

Illinois Student Assistance Commission

**State of Illinois
Illinois Student Assistance Commission
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Commission Officials

Executive Director	Eric Zarnikow
Chief Financial Officer	Shoba Nandhan
Chief Investments Officer	Carmen Heredia-Lopez
General Counsel (07/01/2020-12/31/2021) Interim General Counsel (01/01/2022-Present)	Karen Salas Rich Nowell
Chief Internal Auditor	Kishor Desai

Governing Board Members

Chairman	Kevin B. Huber
Vice-Chair of the Board	Elizabeth V. Lopez
Commissioner	Niketa Brar
Commissioner	James A. Hibbert
Commissioner	Maureen Amos
Commissioner	Dr. Jonathan "Josh" Bullock
Commissioner	Franciene Sabens
Commissioner	Darryl Arrington
Commissioner	Thomas Dowling
Student Commissioner (07/01/2020-12/15/2021) Student Commissioner (12/16/2021-Present)	Emma M. Johns Payton Ade

Commission Offices

Deerfield Office
1755 Lake Cook Road
Deerfield, IL 60015-5209

Springfield Office
500 West Monroe
Springfield, IL 62704

Chicago Office
100 West Randolph, Suite 3-200
Chicago, Illinois 60601



MANAGEMENT ASSERTION LETTER

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Illinois Student Assistance Commission (Commission) and reporting their significant elements of census data and related employer contributions within the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the Commission's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Commission has materially complied with the specified requirements listed below.

- A. All of the Commission's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.

- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Commission to the System. The significant elements of census data of the System include each employee's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay; and,
 - retirement deduction code.

- C. The employer contributions remitted by the Commission to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Sincerely,

State of Illinois, Illinois Student Assistance Commission

SIGNED ORIGINAL ON FILE

Eric Zarnikow, Executive Director

SIGNED ORIGINAL ON FILE

Shoba Nandhan, Chief Financial Officer —

SIGNED ORIGINAL ON FILE

Richard Nowell, General Counsel —

**State of Illinois
Illinois Student Assistance Commission
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	0	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Exit Conference

The Commission waived an exit conference in a correspondence from Dana Mills Danner, Assistant Comptroller, on December 5, 2022.



**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Governing Board
State of Illinois, Illinois Student Assistance Commission

Mr. Eric Zarnikow
Executive Director
State of Illinois, Illinois Student Assistance Commission

External Auditors
State of Illinois, Illinois Student Assistance Commission

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

Report on State Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the State of Illinois, Illinois Student Assistance Commission (Commission) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the Commission is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Commission's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the Commission's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.

- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Commission to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Commission to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Commission complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Commission complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Commission's compliance with the specified requirements.

In our opinion, the Commission complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Commission's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Commission's compliance with the specified requirements and to test and report on the Commission's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

Illinois State Board of Education

**State of Illinois
Illinois State Board of Education
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Agency Officials

State Superintendent of Education	Dr. Carmen I. Ayala
Executive Staff:	
Legal Officer	
Through 6/8/2021	Trisha Olson
Effective 9/1/2021	Jeremy Duffy
Acting Legal Officer	
Effective 6/9/2021	Kristen Kennedy
Internal Audit Officer	Tassi Maton
Education Officer	
Through 9/23/2022	Dr. Ernesto Matias
Financial Officer	Robert Wolfe
Operating Officer	Melissa Oller
Policy & Communications Officer	Irma Snopek
Research & Evaluation Officer	Dr. Brenda M. Dixon

Board Officers

Chairperson	
Through 7/31/2022	Darren Reisberg
Effective 9/20/2022	Steven Isoye
Vice-Chairperson	Dr. Donna S. Leak
Secretary	
Through 12/20/2020	Dr. Cristina Pacione-Zayas
12/21/20 through 2/4/2021	Vacant
Effective 2/5/2021	Jaime Guzman

Governing Board Members

Member	Dr. Christine Benson
Member	Dr. David Lett
Member (thru 1/11/21)	Jane Quinlan
Member (thru 4/30/21)	Jacqueline Robbins
Member	Susie Morrison
Member (effective 2/5/21)	Roger Eddy
Member	Vacant
Member (effective 8/24/21)	Dr. Nike Vieille

Agency OfficesJames R. Thompson Center

100 W. Randolph Street, Suite 14-300
Chicago, Illinois 60616
(through 9/28/2021)

555 W. Monroe Street, Suite 900
Chicago, IL 60661
(effective 9/29/21)

Alzina Building

100 N. First Street
Springfield, Illinois 62777



MANAGEMENT ASSERTION LETTER

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Illinois State Board of Education (Agency) and reporting their significant elements of census data and related employer contributions within the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the Agency's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Agency has materially complied with the specified requirements listed below.

- A. All of the Agency's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Agency to the System. The significant elements of census data of the System include each employee's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay; and,
 - retirement deduction code.
- C. The employer contributions remitted by the Agency to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.



Sincerely,

State of Illinois, Illinois State Board of Education

SIGNED ORIGINAL ON FILE

Dr. Carmen I. Ayala, State Superintendent of Education

SIGNED ORIGINAL ON FILE

Robert Wolfe, CPA, Financial Officer

SIGNED ORIGINAL ON FILE

Jeremy Duffy, Legal Officer

**State of Illinois
Illinois State Board of Education
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	0	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Exit Conference

The Agency waived an exit conference in a correspondence from Tassi Maton, Internal Audit Officer, on December 2, 2022.

**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Governing Board
State of Illinois, Illinois State Board of Education

Dr. Carmen I. Ayala
State Superintendent of Education
State of Illinois, Illinois State Board of Education

External Auditors
State of Illinois, Illinois State Board of Education

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

Report on State Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the State of Illinois, Illinois State Board of Education (Agency) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021 and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the Agency is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Agency's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the Agency's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.

- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Agency to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Agency to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Agency complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Agency complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Agency's compliance with the specified requirements.

In our opinion, the Agency complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Agency's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Agency's compliance with the specified requirements and to test and report on the Agency's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our examination we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

Illinois Workers' Compensation Commission, Self-Insurers Security Fund

**State of Illinois
Illinois Workers' Compensation Commission
Self-Insurers Security Fund
Compliance Examination of Census Data**

For the Year Ended June 30, 2021

Commission Officials

Chair	Mr. Michael Brennan
Chief Fiscal Officer	Mr. Paul Fichtner
General Counsel	Mr. Ronald Rascia
Manager of Self-Insurance	Ms. Maria Sarli-Dehlin

Self-Insurers Advisory Board¹

Chair	Mr. Michael Brennan
Public Member	Mr. Paul Bergmann
Member (06/30/22 – Present)	Vacant
Member (07/01/20 – 6/29/22)	Mr. Gerald Cooper, Jr.
Member	Mr. Alex Alexandrou
Member	Mr. David Taylor
Member	Ms. Joan Vincenz
Member	Mr. Michael Castro

Commission Offices

Chicago Office
69 W. Washington Street, Suite 900
Chicago, Illinois 60602

Springfield Office
4500 S. Sixth Street Frontage Road
Springfield, Illinois 62703

Peoria Office
401 Main Street, Suite 640
Peoria, Illinois 61602

¹ The Workers' Compensation Act (Act) (820 ILCS 305/4a-3) requires the Board consist of the Chair of the Commission and six members who are experts in self-insurance for workers' compensation liabilities appointed by the Chair, one of whom is a member of the public. Under the Act (820 ILCS 305/4a-1), the Board provides for the continuation of benefits due from and unpaid by insolvent self-insurers and reviews and recommends a disposition on all initial and renewal applications to self-insure by private entities.



Illinois Workers' Compensation Commission

69 W. Washington St., Suite 900
Chicago, IL 60602
312-814-6500

JB Pritzker, Governor

Michael J. Brennan, Chairman

December 12, 2022

RSM US LLP
1450 American Lane, Suite 1400
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the Self-Insurers Security Fund (Fund 940) of the State of Illinois, Illinois Workers' Compensation Commission (Commission) and reporting their significant elements of census data and related employer contributions within the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over the specified requirements. We have performed an evaluation of the Commission's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Commission has materially complied with the specified requirements listed below.

- A. All of the Commission's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Commission to the System. The significant elements of census data of the System include each employee's:
 - a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay; and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Commission to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Sincerely,

State of Illinois, Illinois Workers' Compensation Commission

SIGNED ORIGINAL ON FILE

Michael Brennan, Chair

SIGNED ORIGINAL ON FILE

Paul Fichtner, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Ronald Rascia, General Counsel

**State of Illinois
 Illinois Workers' Compensation Commission
 Self-Insurers Security Fund
 Compliance Examination of Census Data**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The compliance testing of census data and employer contributions for pensions under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

Accountant's Report

The Independent Accountant's Report on Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report*
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

* This is the first compliance examination over census data. Therefore, there were no prior findings.

Schedule of Findings

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Finding				
2021-001	93	New	Inaccurate Census Data	Significant Deficiency and Noncompliance

Exit Conference

The Commission waived an exit conference in correspondence from Paul Fichtner, Chief Financial Officer, on November 9, 2022. The response to the recommendation was provided by Paul Fichtner, Chief Financial Officer in a correspondence dated November 15, 2022.



**Independent Accountant's Report
on Compliance and on Internal Control Over Compliance**

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Self-Insurers Advisory Board
State of Illinois, Illinois Workers' Compensation Commission

Mr. Michael Brennan
Chair
State of Illinois, Illinois Workers' Compensation Commission

External Auditors
State of Illinois, Illinois Workers' Compensation Commission

Board of Trustees
State Employees' Retirement System

Mr. Timothy B. Blair
Executive Secretary
State Employees' Retirement System

Compliance

Report on State Compliance

As limited-scope Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the Self-Insurers Security Fund (Fund 940) of the State of Illinois, Illinois Workers' Compensation Commission (Commission) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

Management of the Commission is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Commission's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. All of the Commission's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2021.

- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the Commission to the System.

The significant elements of census data of the System include each employee's:

- a. social security number;
 - b. first and last name;
 - c. date of birth;
 - d. gender;
 - e. rate of pay and,
 - f. retirement deduction code.
- C. The employer contributions remitted by the Commission to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Commission complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Commission complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Commission's compliance with the specified requirements.

In our opinion, the Commission complied with the specified requirements, in all material respects, during:

1. the census data accumulation year for the System ended June 30, 2021, and
2. the proportionate share allocation year for the System ended June 30, 2021.

However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as item 2021-001.

The Commission's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The Commission's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Commission's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Commission's compliance with the specified requirements and to test and report on the Commission's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a significant deficiency.

The Commission's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The Commission's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
December 12, 2022

**State of Illinois
Illinois Workers' Compensation Commission
Self-Insurers Security Fund
Compliance Examination of Census Data
Schedule of Findings**

For the Year Ended June 30, 2021

Finding No. 2021-001 Inaccurate Census Data

The Illinois Workers' Compensation Commission (Commission) had certain deficiencies in their internal control to ensure accurate census data was provided to the State Employees' Retirement System of Illinois (System) for use in the applicable annual actuarial valuations.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or other postemployment benefit (OPEB) plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuations (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Commission's employees are members of both the pension plan administered by the System and the State Employees Group Insurance Program (SEGIP) sponsored by the State of Illinois which includes OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans.

During the performance of the census examination, it was identified that:

- During backwards testing, the auditors identified two of twenty-three (9%) employees included on Commission payroll reports included an incorrect retirement deduction code which resulted in them being improperly excluded from participating in the System and therefore improperly excluded from the census data.
- In addition, during the auditor's data reconciliation procedures, two additional employees were identified as improperly excluded from participation in the System and therefore improperly excluded from the census data.
- Finally, during the review of the census data reconciliation performed by the Commission, it was noted that not all errors previously identified during the external examination above were included and communicated to the System.

The result of these errors led to employees who were eligible to participate in the pension plan being improperly excluded, contributions due to the plan being understated and inaccurate census data being utilized by the System and the State in the performance of the annual pension and OPEB actuarial valuation processes. The independent actuaries utilized by the System and the State of Illinois for the pension and OPEB plans deemed the errors immaterial to the plan level valuations as a whole.

The State Records Act (5 ILCS 160/8) requires the Commission make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Commission's activities.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Commission establish and maintain a system, or systems, of internal fiscal and administrative control to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

**State of Illinois
Illinois Workers' Compensation Commission
Self-Insurers Security Fund
Compliance Examination of Census Data
Schedule of Findings**

For the Year Ended June 30, 2021

Finding No. 2021-001 Inaccurate Census Data (Continued)

Commission officials indicated these exceptions were due to oversight.

Failure to ensure census data reported to the System was complete and accurate may result in significant misstatements of the Commission's financial statements and reduce the overall accuracy of System-related pension liabilities, deferred inflows and outflows of resources, and expense recorded by the State and its agencies.

Recommendation:

We recommend the Commission strengthen controls to ensure accurate census data is provided to the System for use in the annual actuarial valuation process. If differences are noted between the Commission's data and the System's data, these differences should be communicated timely and rectified to ensure the actuarial valuations are using accurate data.

Commission Response:

Corrective action has been taken on the above errors and Payroll and HR departments have a better understanding of requirements for Census Data accuracy.