



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

Compliance Examination of Census Data
 For the Year Ended June 30, 2021

Release Date: August 30, 2022

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS			
	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	
Category 2:	1	0	1	
Category 3:	0	0	0	
TOTAL	1	0	1	
No Repeat Findings*				
FINDINGS LAST AUDIT: 0				

* This is the first Compliance Examination of Census Data of the Department of Central Management Services and the Department of Transportation.

INTRODUCTION

Certain financial statement elements within an employer's financial statements which are attributable to pensions are dependent on the census data of its employees. Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension plan. The purpose of a compliance examination of census data is to provide assurance to employers and their auditors that employers have enrolled employees in the plan in accordance with applicable laws, rules, and regulations, changes in significant elements of census data for employees were reported to the plan, and employer contributions remitted to the plan were complete, accurate, and in accordance with applicable laws, rules, and regulations.

SYNOPSIS

- (21-01) The Department of Central Management Services did not ensure accurate census data was used in the actuarial valuations.

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

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

INACCURATE CENSUS DATA

The Department of Central Management Services (Department) did not ensure accurate census data was used in the 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.

Employers must accurately transmit census data

We noted the Department's employees are members of both the State Employees' Retirement System of Illinois (SERS) for their pensions and the State Employees Group Insurance Program sponsored by the Department for their 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.

Department employees are members of SERS and the State Employees Group Insurance Program

During backwards testing, we noted one of 40 (3%) employees had a retirement code that differed between Department and SERS records, which resulted in inaccurate data being used in the pension and OPEB actuarial valuations. The independent actuary used for the pension and OPEB plans deemed the error immaterial to the valuations. (Finding 1, pages 9-10)

One employee coded with inaccurate retirement code

We recommended the Department implement controls to ensure accurate data is used in the actuarial valuation. If differences are noted between the Department's data and SERS these differences should be communicated timely to ensure the actuarial valuations are using accurate data.

Department officials accepted our recommendation

Department officials accepted our recommendation and stated the Bureau of Personnel (BoP) has completed the initial reconciliation of census data. BoP has contacted SERS in preparation for the annual reconciliation for current year 2022. BoP anticipates having the annual reconciliation completed on-time in accordance with the statute.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of census data for the Department of Central Management Services and the Department of Transportation for the year ended June 30, 2021. The accountants stated the Department of Central Management Services and the Department of Transportation complied, in all material respects, with the requirements described in the report.

This compliance examination of census data was conducted by Sikich LLP.

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JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

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FRANK J. MAUTINO
Auditor General

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