

# **General Assembly Retirement System of the State of Illinois**

## **State Compliance Examination**

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

**General Assembly Retirement System of the State of Illinois  
State Compliance Examination**

**For the Year Ended June 30, 2021**

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**General Assembly Retirement System of the State of Illinois  
State Compliance Examination**

**For the Year Ended June 30, 2021**

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**System Officials**

Executive Secretary	Timothy B. Blair
Accounting Division Manager	Alan Fowler, CPA
Legal Counsel	Vacant James Stivers (7/1/2020 through 2/4/2022)
Division Manager	Angie Ackerson
Internal Audit	Casey Evans

**Governing Board**

Chair of the Board of Trustees	Senator Robert Martwick
Trustee (Vice-Chair) (02/18/2021 – Present)	Senator Dave Syverson
Trustee (Vice Chair) (01/13/2021 – 02/17/2021)	Vacant
Trustee (Vice-Chair) (07/01/2020 – 01/12/2021)	Senator Sue Rezin
Trustee	Senator Napoleon Harris III
Trustee	Representative Charles Meier
Trustee (02/01/2021 – Present)	Representative Michael Halpin
Trustee (01/14/2021 – 01/31/2021)	Vacant
Trustee (07/01/2020 – 01/13/2021)	Representative Michael Zalewski
Trustee (02/01/2021 – Present)	Representative Jonathan Carroll
Trustee (07/01/2020 – 01/31/2021)	Vacant
Trustee (02/02/2021 – Present)	Tom Ryder, Retirement Annuitant Member
Trustee (07/01/2020 – 02/01/2021)	Vacant

**Office Locations**

Springfield Office  
2101 South Veterans Parkway  
P.O. Box 19255  
Springfield, Illinois 62794-9255

Chicago Office  
State of Illinois Building  
160 North LaSalle Street, Suite N725  
Chicago, Illinois 60601

MANAGEMENT ASSERTION LETTER

August 19, 2022

RSM US LLP  
20 North Martingale Road, Suite 500  
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the General Assembly Retirement System of the State of Illinois (System). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the System's compliance with the following specified requirements during the one-year period ended June 30, 2021. Based on this evaluation, we assert that during the year ended June 30, 2021, the System has materially complied with the specified requirements below.

- A. The System has obligated, expended, received, and used public funds of the State of Illinois (State) in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The System has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The System has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the System are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the System on behalf of the State or held in trust by the System have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

General Assembly Retirement System of the State of Illinois

**SIGNED ORIGINAL ON FILE**

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Timothy B. Blair, Executive Secretary

**SIGNED ORIGINAL ON FILE**

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Alan Fowler, CPA, Accounting Division Manager

**General Assembly Retirement System of the State of Illinois  
State Compliance Examination**

**For the Year Ended June 30, 2021**

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**Compliance Report**

**Summary**

The State compliance testing 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 State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers or other significant non-standard language.

**Summary of Findings**

<b>Number of</b>	<b>Current Report</b>	<b>Prior Report</b>
Findings	1	2
Repeated findings	0	1
Prior recommendations implemented or not repeated	2	1

**Schedule of Findings**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
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**Current Findings**

2021-001	7	New	Inadequate Internal Controls over Access to Information Systems	Significant Deficiency and Noncompliance
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**Prior Finding Not Repeated**

A.	8	2020/2015	Noncompliance with Ethics Training Requirements
B.	8	2020/2020	Board Vacancy

**Exit Conference**

The System waived an exit conference in a correspondence from Casey Evans, Internal Auditor, on July 12, 2022. The responses to the recommendation were provided by Casey Evans, Internal Auditor, in a correspondence dated July 25, 2022.



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

RSM US LLP

Honorable Frank J. Mautino  
Auditor General, State of Illinois

Board of Trustees  
General Assembly Retirement System of the State of Illinois

**Compliance**

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by the General Assembly Retirement System of Illinois (System) 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 the year ended June 30, 2021. Management of the System is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the System's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The System has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The System has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The System has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the System are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the System on behalf of the State or held in trust by the System have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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 System complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the System complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, 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 System's compliance with the specified requirements.

In our opinion, the System complied with the specified requirements during the year ended June 30, 2021, in all material respects. However, the results of our procedures disclosed an instance of noncompliance with the specified requirements, which is required to be reported in accordance with criteria established by the *Audit Guide* and is described in the accompanying Schedule of Findings as item 2021-001.

The System's response to the compliance finding identified in our examination is described in the accompanying Schedule of Findings. The System'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 System 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 System's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the System's compliance with the specified requirements and to test and report on the System's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2021-001 that we consider to be a significant deficiency.

There were no immaterial findings that have been excluded from this report.

The System's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The System'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  
August 19, 2022



## General Assembly Retirement System of the State of Illinois

### Schedule of Findings - State Compliance

Year Ended June 30, 2021

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#### Finding 2021-001 Inadequate Internal Controls over Access to Information Systems

The General Assembly Retirement System of the State of Illinois (System) did not have adequate controls in place to document user access reviews to its Information Technology (IT) systems.

During the compliance examination, the System utilized a combination of systems administered both internally as well as externally. During a review of both internal and external systems, the auditors noted:

- For systems administered internally:
  - The System did not retain evidence an internal security review was performed during the examination period.
  - One of two (50%) terminated employees maintained a user account for various internal systems which was not deactivated timely upon their separation from the System. The timing of this deactivation was nine months after termination.
- For systems administered externally:
  - The System did not retain evidence of the results of the annual review of security software IDs.
  - One of two (50%) terminated employees' user accounts for one external system was not deactivated timely upon separation from the System. The timing of this deactivation was three months after termination.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Access Control section, requires entities to develop access provisioning policies and procedures and ensure access is provided on a needed basis.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

System officials stated the issues identified were due to oversight.

Failure to regularly monitor system access, including disabling users' access in a timely manner, puts the System at risk of unauthorized access to its information systems. (Finding No. 2021-001)

#### Recommendation:

We recommend the System maintain evidence of security reviews completed during the year to support that continued monitoring is being performed and possible changes or updates are being made. In addition, we recommend the System implement controls to ensure all employees' user access is timely disabled upon separation from the System.

#### System Response:

The System agrees with the finding. System staff is working to implement a new help desk system in fiscal year 2022 which will provide better monitoring and accountability that all provide a more robust workflow to ensure access is removed upon employee separation. In addition to the existing semi-annual access rights reviews performed, responsible staff will formally document external security reviews and retain support for audit evidence.

**General Assembly Retirement System of the State of Illinois**

**Schedule of Findings - State Compliance**

**Year Ended June 30, 2021**

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**Prior Findings Not Repeated**

**a. Noncompliance with Ethics Training Requirements**

In the prior compliance examination, the General Assembly Retirement System of the State of Illinois (System) did not comply with the ethics training provisions of the Illinois Pension Code.

During the current compliance examination, our testing indicated that all of the System's Board members completed the required ethics training and certification of the completion was submitted to the Illinois Department of Financial and Professional Regulation, Division of Insurance (DFPR). (Finding Code No. 2020-001, 2019-001, 2018-001, 2017-001, 2016-002, 2015-002)

**b. Board Vacancy**

In the prior compliance examination, the General Assembly Retirement System of the State of Illinois (System) had a vacancy in one of its seven required trustees of the Board for more than one year.

During the current compliance examination, our testing indicated that all vacancies were properly filled prior to the System's fiscal year end. (Finding Code No. 2020-002)