State Employees' Retirement System of the State of Illinois

Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023
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 – Employer Pensions

For the Year Ended June 30, 2023

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of the State of Illinois
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of the State of Illinois
Compliance Examination of Census Data – Employer Pensions

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State of Illinois, Office of the Secretary of State

State of Illinois
Office of the Secretary of State
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Agency Officials

Secretary of State (through 1/8/23)	The Honorable Jesse White
Secretary of State (1/9/23 – present)	The Honorable Alexi Giannoulias
Deputy Secretary of State/Chief of Staff (through 1/8/23)	Mr. Thomas N. Benigno
Deputy Secretaries of State (1/9/23 – present)	Mr. Scott Burnham, Ms. Hanah Jubeh
Director of Internal Audit	Ms. Stell Mallios
General Counsel (through 1/8/23)	Ms. Irene Lyons
General Counsel (1/9/23 – present)	Mr. Rob Gamrath
Inspector General	Mr. Paul Thompson
Director of Budget and Fiscal Management/Chief Fiscal Officer (through 2/28/23)	Ms. Jacqueline Price
Director of Budget and Fiscal Management/Chief Fiscal Officer (3/1/23 – present)	Ms. Amanda Trimmer
Director of Accounting Revenue (through 11/30/22)	Mr. John Grzymski
Director of Accounting Revenue (Acting 12/1/11 – 6/4/23)	Mr. Adam Ausmus
Director of Accounting Revenue (6/5/23 – present)	Ms. Dana Homer

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
115 S. LaSalle St., Suite 300
Chicago, Illinois 60601

OFFICE OF THE SECRETARY OF STATE

ALEXI GIANNOULIAS ● Secretary of State

MANAGEMENT ASSERTION LETTER

July 31, 2024

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, 2023.

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, 2023, were completely and accurately reported by the Office 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

The employer contributions remitted by the Office to the System during the proportionate share allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Office and recorded within the Statewide Accounting Management System under detail object code 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

State of Illinois, Office of the Illinois Secretary of State

SIGNED ORIGINAL ON FILE

The Honorable Alexi Giannoulias, Secretary of State

SIGNED ORIGINAL ON FILE

Amanda Trimmer, Chief Officer

SIGNED ORIGINAL ON FILE

Rob Gamrath, General Counsel

State of Illinois
Office of the Secretary of State
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	1
Repeated findings	1	1
Prior recommendations implemented or not repeated	0	0

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Current Finding				
2023-001	8	2022/2021	Inaccurate Census Data	Significant Deficiency and Noncompliance

Exit Conference

The Office waived an exit conference in correspondence from Amanda Trimmer, CFO/Director, Budget and Fiscal Management, on June 26, 2024. The response to the recommendation was provided by Amanda Trimmer, CFO/Director, Budget and Fiscal Management, in a correspondence dated June 26, 2024.

RSM

RSM US LLP

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

Honorable Alexi Giannoulias
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

Report on Compliance

As 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Office and recorded within the Statewide Accounting Management System under detail object code 1120 was 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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 2023-001.

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. 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 2023-001 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
July 31, 2024

State of Illinois
Office of the Secretary of State
Compliance Examination of Census Data – Employer Pensions
Schedule of Findings

For the Year Ended June 30, 2023

Finding No. 2023-001 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 forwards testing component of the census examination, the auditors identified two of sixty (3%) employees included on Office payroll reports with an incorrect retirement deduction code.

The result of the 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 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.

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 the exception was due to human error.

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. (Finding Code No. 2023-001, 2022-001, 2021-001)

Finding No. 2023-001 Inaccurate Census Data (Continued)

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.

Office Response:

The Office agrees with the finding. However, once the errors were found, the Office has since strengthened its internal controls on determining Tier status for new employees. The Office will also continue to monitor and evaluate its internal controls to ensure accurate census data.

State of Illinois, Department of Children and Family Services

State of Illinois
Department of Children and Family Services
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Department Officials

Director	Heidi E. Mueller (March 22, 2024 – present) Heidi E. Mueller (Acting) (February 1, 2024 – March 21, 2024) Marc D. Smith (June 15, 2021 – January 31, 2024)
Executive Deputy Director	Tierney Stutz (September 5, 2023 – present) Tierney Stutz (Acting) (March 6, 2023 – September 4, 2023) Vacant (January 14, 2023 – March 5, 2023) Meaghan Jorgensen (August 16, 2022 – January 13, 2023) Vacant (January 1, 2022 – August 15, 2022)
Chief of Staff	Jassen Strokosch (July 16, 2020 – present)
Chief Financial Officer	Kiersten Neswick (February 16, 2022 – present)
General Counsel	Brian Dougherty (March 13, 2023 – present) Carol Melton (Acting) (September 22, 2022 – March 12, 2023) Amanda Wolfman (June 18, 2019 – September 21, 2022)
Chief Internal Auditor	Phillip Dasso (January 4, 2021 – present)

Administrative Offices

Springfield Office	Chicago Office
406 East Monroe	100 West Randolph, Suite 6-100
Springfield, Illinois 62701	Chicago, Illinois 60601

MANAGEMENT ASSERTION LETTER

July 31, 2024

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, 2023.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

State of Illinois, Department of Children and Family Services

SIGNED ORIGINAL ON FILE

Heidi E. Mueller, Director

SIGNED ORIGINAL ON FILE

Kiersten Neswick, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Brian Dougherty, General Counsel

State of Illinois
Department of Children and Family Services
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	1
Repeated findings	1	0
Prior recommendations implemented or not repeated	0	0

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Current Finding				
2023-001	17	2022/2022	Inaccurate Census Data	Significant Deficiency and Noncompliance

Exit Conference

The Department waived an exit conference in a correspondence from Clayton Murphy, Audit Liaison, on June 17, 2024. The response to the recommendation was provided by Clayton Murphy, Audit Liaison, in a correspondence dated June 28, 2024.

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

Heidi E. Mueller
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

Report on Compliance

As 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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 2023-001.

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 2023-001 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
July 31, 2024

State of Illinois
Department of Children and Family Services
Compliance Examination of Census Data – Employer Pensions
Schedule of Findings

For the Year Ended June 30, 2023

Finding No. 2023-001 Inaccurate Census Data

The Department of Children and Family Services (Department) 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 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 backwards testing component of the census examination, the auditors identified one of sixty (2%) employees included on Department payroll reports with an incorrect rate of pay. The rate of pay reported was understated by $525, or approximately 6%, and the error was applicable to two months of the fiscal year.

The result of the error above led to 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 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 the exception was due to human error.

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. (Finding Code No. 2023-001, 2022-001)

Finding No. 2023-001 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:

DCFS agrees with the recommendation. Payroll will coordinate with the Office of Employee Services to gain access to the CMS Personnel system to assist in the discovery and prevention of human errors. The additional layer of security and check work should reduce future errors of this kind. We will also send any errors discovered to SERS as soon as possible to ensure the actuarial valuations are using accurate data.

State of Illinois, Department of Corrections

State of Illinois
Department of Corrections
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Department Officials

Director – Acting (04/01/23 – Present)	Ms. Latoya Hughes
Director (07/01/22 – 03/31/23)	Mr. Rob Jeffreys
Assistant Director (04/11/24 – Present)	Ms. Alyssa Williams
Assistant Director – Acting (07/08/22 – 04/10/24)	Ms. Alyssa Williams
Assistant Director (07/01/22 – 07/07/22)	Vacant
Chief of Staff (04/01/23 – Present)	Vacant
Chief of Staff (08/16/22 – 03/31/23)	Ms. Latoya Hughes
Chief of Staff (07/02/22 – 08/15/22)	Vacant
Chief Legal Counsel	Mr. Robert Fanning
Chief Administrative Officer	Mr. Jared Brunk
Chief Fiscal Officer	Mr. James Deen
Chief Internal Auditor	Ms. Amy Jenkins
Chief Information Officer (06/16/24 – Present)	Mr. Jerald Setnicky***
Chief Information Officer - Acting (05/4/24 – 06/15/24)	Vacant
Chief Information Officer (07/01/22 – 05/03/24)	Mr. Christopher McDaniel***

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

Correctional Industries

Chief Executive Officer	Ms. Kim Larson
Assistant Chief Executive Officer (07/01/23 – Present)	Mr. Greg Runyan
Assistant Chief Executive Officer (07/01/22 – 06/30/23)	Vacant
Chief Financial Manager (07/01/22 – Present)	Vacant

Department Office

1301 Concordia Court
Springfield, Illinois 62794

JB Pritzker
Governor

Latoya Hughes
Acting 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

July 31, 2024

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 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, 2023.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

State of Illinois, Department of Corrections

SIGNED ORIGINAL ON FILE

Latoya Hughes, Acting Director

SIGNED ORIGINAL ON FILE

James Deen, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Robert Fanning, Chief Legal Counsel

State of Illinois
Department of Corrections
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	1
Repeated findings	1	0
Prior recommendations implemented or not repeated	0	0

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Current Finding				
2023-001	26	2022/2022	Inaccurate Census Data	Significant Deficiency and Noncompliance

Exit Conference

The Department waived an exit conference in a correspondence from Amy Jenkins, Chief Internal Auditor, on June 28, 2024. The response to the recommendation was provided by Amy Jenkins, Chief Internal Auditor, in a correspondence dated June 28, 2024.

RSM

RSM US LLP

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

Ms. Latoya Hughes
Acting 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

Report on Compliance

As 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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 2023-001.

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 2023-001 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
July 31, 2024

State of Illinois
Department of Corrections
Compliance Examination of Census Data – Employer Pensions
Schedule of Findings

For the Year Ended June 30, 2023

Finding No. 2023-001 Inaccurate Census Data

The Department of Corrections (Department) 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 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 forwards testing component of the census examination, the auditors identified one of sixty (2%) employees included on Department payroll reports with 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 the exception was due to human error.

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. (Finding Code No. 2023-001, 2022-001)

Finding No. 2023-001 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:

Recommendation accepted. The agency will create an internal document to capture if contributions have been paid to reciprocal pension plans. This will ensure SERS is able to identify the appropriate Tier plan at the time of hire.

State of Illinois, Department of Human Services

State of Illinois
Department of Human Services
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Department Officials

Secretary	Dulce Quintero, Designate (10/9/2023 – Present) Grace B. Hou (3/18/2019 – 10/8/2023)
Assistant Secretary (Operations)	Ryan Thomas (10/9/2023 – Present) Dulce Quintero (5/6/2019 – 10/8/2023
Assistant Secretary (Programs)	Kirstin Chernawsky (5/1/2024 – Present) Vacant (1/1/2022 – 4/30/2024) Kia Coleman (7/1/2019 – 12/31/2021)
Assistant Secretary (Firearm Violence Prevention*)	Quiwana Bell (10/1/2023 – Present) Vacant (6/1/2023 – 9/30/2023) Chris Patterson (10/18/2021 – 5/31/2023)
Associate Secretary (Early Childhood, Family, and Community)	Vacant (5/1/2024 – Present) Kirstin Chernawsky (4/1/2023 – 4/30/2024)
Associate Secretary (Behavior Health)	David T. Jones (4/1/2022 – Present)
Associate Secretary (Program Division Operations, Emergency Management, Special Projects)	Clodoaldo Rodrigo Carrillo (5/1/2023 – Present)
Budget Director	Tiffany Blair
Business Services Director	Paul Hartman
Chief of Staff	Amanda Elliott (12/24/2022 – Present) Ryan Croke (4/24/2019 – 12/31/2022)
Chief Financial Officer	Robert Brock
Chief Operating Officer	Francisco DuPrey
Office of Contract Administration Director	Brian Bond
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)

Department Officials (Continued)

Office of Communications Director	Rachel Otwell (8/1/2023 – Present) Marisa Kollias (7/6/2020 – 9/29/2023)
Chief Legislative Liaison	Andre Jordan (2/16/2024 – Present) Michelle Jenkins (3/1/2023 – 2/15/2024) Emily Katalinich (3/25/2022 – 2/28/2023) Vacant (1/15/2022 – 3/24/2022) Andre Jordan (10/1/2019 – 1/14/2022)
Hispanic/Latino Affairs Director	Ramon Ortiz, Interim (12/16/2023 – Present) Vacant (11/1/2023 – 12/15/2023) Karina Lopez (2/1/2023 – 10/31/2023) Elizabeth Diaz Castillo (12/1/2016 – 1/31/2023)
General Counsel	John F. Schomberg
Inspector General	Peter Neumer
Strategy, Equity & Transformation Director	Caronina Grimble
Division of Substance Use Prevention & Recovery Director	Laura Garcia (03/09/2022 – Present) David Jones (10/19/2020 – 3/31/2022)
Division of Rehabilitation Services Director	Rahnee Patrick
Division of Developmental Disabilities Director	Tonya Piephoff (6/16/2023 – Present) Sarah Bylica (Myerscough-Mueller) (Acting 6/13/2022 – 9/15/2023) Allison Stark (9/23/2019 – 6/12/2022)
Division of Mental Health Director	David Albert
Division of Early Childhood Director	Bethany Patten (4/1/2023 – Present)
Division of Family Community Services Director	Leslie Cully (4/29/2024 – Present) Tim Verry (3/4/2019 – 4/28/2024)
Office of Clinical, Administrative and Program Support Manager	Bryant Davis (11/1/2023 – Present) Vacant (9/1/2023 – 10/31/2023) Jennifer Aring (7/1/2019 – 8/31/2023)
Grant Administration Director	Jose Ponce Martinez
Civil Affairs Director & EEO/AA Officer	Patrick Morris (1/17/2023 – Present) Vacant (12/3/2022 – 1/16/2023) 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)

Department Officials (Continued)

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*

IDHS
ILLINOIS DEPARTMENT OF HUMAN SERVICES

Dulce M. Quintero, *Secretary Designate*

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

MANAGEMENT ASSERTION LETTER

July 31, 2024

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

All:

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, 2023.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

State of Illinois, Department of Human Services

SIGNED ORIGINAL ON FILE

Dulce M. Quintero, Secretary Designate

SIGNED ORIGINAL ON FILE

Robert Brock, Chief Financial Officer

SIGNED ORIGINAL ON FILE

John F. Schomberg, General Counsel

State of Illinois
Department of Human Services
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	1
Repeated findings	1	0
Prior recommendations implemented or not repeated	0	0

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Current Finding				
2023-001	37	2022/2022	Inaccurate Census Data	Significant Deficiency and Noncompliance

Exit Conference

The Department waived an exit conference in a correspondence from Christopher Finley, Internal Auditor and Audit Liaison, on June 18, 2024. The response to the recommendation was provided by Christopher Finley, Internal Auditor and Audit Liaison, in a correspondence dated June 28, 2024.

RSM

RSM US LLP

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

Dulce Quintero
Secretary Designate
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

Report on Compliance

As 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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 2023-001.

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 2023-001 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
July 31, 2024

State of Illinois
Department of Human Services
Compliance Examination of Census Data – Employer Pensions
Schedule of Findings

For the Year Ended June 30, 2023

Finding No. 2023-001 Inaccurate Census Data

The Department of Human Services (Department) 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 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, it was identified that:

- During forwards testing, the auditors identified one of sixty (2%) employees included on Department payroll reports with an incorrect retirement deduction code.
- During backwards testing, the auditors identified one of sixty (2%) employees included on Department payroll reports with 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. Nine pay periods of eligible activity and an estimated $450 of employee contributions were excluded from census data as of year-end.

The result of the errors above led to 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 these errors 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 these exceptions were due to human error.

Finding No. 2023-001 Inaccurate Census Data (Continued)

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. (Finding Code No. 2023-001, 2022-001)

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 Illinois Department of Human Services (IDHS) accepts the recommendation. The Department will work to continue to train staff and provide oversight to reduce errors resulting from manual processes. The Department will review the annual reconciliation process to identify if any modifications can be made to catch errors of this nature.

State of Illinois, Department of Lottery

State of Illinois
Department of Lottery
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Department Officials

Director	Mr. Harold Mays
Chief of Staff	Mr. Scott Gillard
Chief Financial Officer (3/25/2024 – Present)	Ms. Amber Chappell
Chief Financial Officer (Acting) (10/07/23 – 3/24/24)	Ms. Amber Chappell
Chief Financial Officer (10/01/23 – 10/06/23)	Vacant
Chief Financial Officer (07/01/22 – 9/30/23)	Ms. Carol Radwine
General Counsel	Mr. Cornell Wilson
Chief Operations Officer	Mr. Matthew Bell
Chief Internal Auditor	Mr. Darick Clark

Lottery Control Board Officer

Chair	Ms. Diana Sheehan

Lottery Control Board Members

Member	Ms. Sarah Alter
Member	Ms. Alejandra Garza
Member	Ms. Dianna Sheehan
Member	Vacant
Member	Vacant

Department Offices

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

Springfield Office
404 N. 5th Street
Springfield, Illinois 62702

MANAGEMENT ASSERTION LETTER

July 31, 2024

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, 2023.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

J.B. Pritzker
Governor

Harold Mays
Director

Illinois Lottery
122 S. Michigan Avenue
19th Floor
Chicago, IL 60603
(312) 793-3030
Main
(312) 793-5514 Fax

404 N. 5th Street
Springfield, IL 62702
(217) 524-5147 Main
(217) 785-3990 Fax

illinoislottery.com

Yours truly,

State of Illinois, Department of Lottery

SIGNED ORIGINAL ON FILE

Harold Mays, Director

SIGNED ORIGINAL ON FILE

Amber Chappell, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Cornell Wilson, General Counsel

State of Illinois
Department of Lottery
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	1

Exit Conference

The Department waived an exit conference in a correspondence from Darick Clark, Chief Internal Auditor, on July 3, 2024.

RSM

RSM US LLP

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

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

Report on Compliance

As 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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
July 31, 2024

State of Illinois, Department of Healthcare and Family Services

State of Illinois
Department of Healthcare and Family Services
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Department Officials

Department Officials		
Director (Acting)	(01/01/2024 – present) (through 12/31/2023)	Elizabeth M. Whitehorn Theresa Eagleson
Assistant Director		Jenny Aguirre
Chief of Staff	(01/01/2024 – current) (through 12/31/2023)	Dana Kelly Ben Winick
Chief Operating Officer		Vacant
Chief Internal Auditor		Jamie Nardulli
General Counsel	(03/01/2024 – present) (through 02/29/2024)	Kathleen Hill Steffanie Garrett
Inspector General		Brian Dunn

Deputy Directors

Community Outreach		Vacant
Administrative Operations	(11/16/21 – present) (through 11/15/21)	Tanya Ford Vacant
Human Resources		Terri Shawgo
New Initiatives	(05/16/2024 – present) (through 05/15/2024)	Laura Phelan Vacant

Division Administrators

Child Support Services		Brian Tribble
Finance		Michael Casey
Medical Eligibility	(1/16/22 – present)	Tracy Keen
Medical Eligibility	(through – 1/15/22)	Jane Longo
Medical Programs		Kelly Cunningham
Personnel & Administrative Services (Interim)		Ruth Ann Day

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
Elizabeth M. Whitehorn, Director

401 South Clinton Street
Chicago, Illinois 60607

Telephone: +1-312-793-4792
TTY: +1-800-526-5812

MANAGEMENT ASSERTION LETTER

July 31, 2024

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

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, 2023.

B. Except as noted in the Statement of Findings, 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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

State of Illinois, Department of Healthcare and Family Services

SIGNED ORIGINAL ON FILE

Dana Kelly on behalf of Elizabeth M. Whitehorn, Acting Director

SIGNED ORIGINAL ON FILE

Michael Casey, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Kathleen Hill, General Counsel

State of Illinois
Department of Healthcare and Family Services
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	1
Repeated findings	1	0
Prior recommendations implemented or not repeated	0	0

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Current Finding				
2023-001	53	2022/2022	Inaccurate Census Data	Significant Deficiency and Noncompliance

Exit Conference

The Department waived an exit conference in a correspondence from Jamie Nardulli, Chief Internal Auditor, on June 17, 2024. The response to the recommendation was provided by Jamie Nardulli, Chief Internal Auditor, in a correspondence dated June 28, 2024.

RSM

RSM US LLP

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

Ms. Elizabeth M. Whitehorn
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

Report on Compliance

As 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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 2023-001.

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 2023-001 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
July 31, 2024

State of Illinois
Department of Healthcare and Family Services
Compliance Examination of Census Data – Employer Pensions
Schedule of Findings

For the Year Ended June 30, 2023

Finding No. 2023-001 Inaccurate Census Data

The Department of Healthcare and Family Services (Department) 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 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 backwards testing component of the census examination, the auditors identified one of sixty (2%) employees included on Department payroll reports with an incorrect date of birth.

The result of the error 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 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 the exception was due to conflicting source documents used to validate the employee's date of birth.

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. (Finding Code No. 2023-001, 2022-001)

Finding No. 2023-001 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 recommendation and will ensure documentation to support census data is provided by employees. If differences are noted they will be communicated in a timely manner.

State of Illinois, Department of Revenue

State of Illinois
Department of Revenue
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Department Officials

Director	David Harris
Assistant Director	Vacant
Associate Director	Africa
Chief of Staff	Jim Nichelson
Chief Financial Officer	Cory Staley
Chief Internal Auditor	Nikki Lanier
General Counsel	Vacant (5/25/2024 – Present) Colin Bowes-Carlson (9/1/2021 – 5/24/2024)

Department Offices

Springfield Location
Willard Ice Building
101 West Jefferson Street
Springfield, Illinois 62702

Chicago Location
555 West Monroe Street, Suite 1100
Chicago, Illinois 60661

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

Fairview Heights Location
15 Executive Drive, Suite 2
Fairview Heights, Illinois 62208

Marion Location
2309 West Main Street, Suite 114
Marion, Illinois 62959

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

July 31, 2024

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 and/or employee 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, 2023.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object codes 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

State of Illinois, Department of Revenue

SIGNED ORIGINAL ON FILE

David Harris, Director

SIGNED ORIGINAL ON FILE

Cory Staley, Chief Financial Officer

State of Illinois
Department of Revenue
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	1

Exit Conference

The Department waived an exit conference in correspondence from Nikki Lanier, Chief Internal Auditor, on June 18, 2024.

RSM

RSM US LLP

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. 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

Report on Compliance

As 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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
July 31, 2024

State of Illinois, Capital Development Board

State of Illinois
Capital Development Board
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Board Officials

Executive Director (05/27/2024 – Present)	Tamakia Edwards
Acting Executive Director (05/01/2024 – 05/26/2024)	Amy Romano
Executive Director (5/14/2019 – 04/30/2024)	James Underwood
Chief of Staff (9/1/2023 – present)	Darnita A. Lee
Chief of Staff (5/13/2023 – 8/31/2023)	Vacant
Chief of Staff (8/17/2020 – 5/12/2023)	Tamakia Edwards
Chief Financial Officer	Paula Sorensen
General Counsel	Amy Romano
Deputy Director of Operations	Kathryn Martin
Deputy Director of Construction (1/1/2023 – present)	Lisa Hennigh
Deputy Director of Construction (8/15/2020 – 12/31/2022)	Vacant
Chief Internal Auditor	Jennifer Boen

CDB Board Members

Chair (4/22/2019 – present)	Eileen Rhodes
Member (8/3/2002 – present)	Glyn Ramage
Member (11/2/2015 – present)	Pamela McDonough
Member (8/23/2019 – present)	Beverly Potts
Member (5/142021 – present)	Saul J. Morse
Member (11/02/2021 – 5/01/2024)	Hipolito (Paul) Roldan
Member (1/28/2022 – 6/30/2023)	David Sidney
Member (11/9/2023 – 5/14/2024)	Tamakia Edwards
Member (6/11/2024 – present)	Ama Addai

Board Office

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

MANAGEMENT ASSERTION LETTER

July 31, 2024

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, 2023.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Stratton Office Building, 3rd Floor | 401 S. Spring St. | Springfield, IL | 62706 | 217.782.2864 (o) |217.524.0565 (f) | 217.524.4449 TDD
555 W. Monroe St., 8th Floor | Chicago, IL | 60661| 312.814.6000 (o) |312.814.2041 (f)
www.cdb.illinois.gov

Yours truly,

State of Illinois, Capital Development Board

SIGNED ORIGINAL ON FILE

Tamakia Edwards, Executive Director

SIGNED ORIGINAL ON FILE

Paula Sorensen, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Amy Romano, General Counsel

Stratton Office Building, 3rd Floor | 401 S. Spring St. | Springfield, IL | 62706 | 217.782.2864 (o) |217.524.0565 (f) | 217.524.4449 TDD
555 W. Monroe St., 8th Floor | Chicago, IL | 60661| 312.814.6000 (o) |312.814.2041 (f)
www.illinois.gov/CDB

State of Illinois
Capital Development Board
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

Exit Conference

The CDB waived an exit conference in a correspondence from Jennifer Boen, Chief Internal Auditor, on June 17, 2024.

RSM

RSM US LLP

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

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

Report on Compliance

As 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, 2023 and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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
July 31, 2024

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 – Employer Pensions

For the Year Ended June 30, 2023

Agency Officials

Interim Director (07/16/2024 – Present)	Mr. James Jennings
Director (through 07/15/2024)	Mr. John J. Kim
Deputy Director (07/16/2024 – Present)	Vacant
Deputy Director (04/04/23 – 7/15/2024)	Mr. James Jennings
Deputy Director (07/01/20 – 04/03/23)	Mr. Todd Rettig
Chief of Staff	Ms. Laura Roche
Chief Legal Counsel (07/01/2024 – Present)	Mr. Andrew Armstrong
Chief Legal Counsel (through 06/30/2024)	Mr. Charles W. Gunnarson
Chief Financial Officer	Mr. Jacob Poeschel
Chief Internal Auditor (06/01/2024 – Present)	Ms. Sally Burton
Chief Internal Auditor (02/01/2024 – 05/31/2024)	Vacant
Chief Internal Auditor (01/01/21 – 01/31/2024)	Ms. Ellen Jennings Fairfield

Agency Office

1021 North Grand Avenue East
Springfield, Illinois 62794

ILLINOIS ENVIRONMENTAL PROTECTION AGENCY
1021 NORTH GRAND AVENUE EAST, P.O. BOX 19276, SPRINGFIELD, ILLINOIS 62794-9276 · (217) 782-3397
JB PRITZKER, GOVERNOR JAMES JENNINGS, INTERIM DIRECTOR

MANAGEMENT ASSERTION LETTER

July 31, 2024

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, 2023.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

2125 S. First Street, Champaign, IL 61820 (217) 278-5800
115 S. LaSalle Street, Suite 2203, Chicago, IL 60603
1101 Eastport Plaza Dr., Suite 100, Collinsville, IL 62234 (618) 346-5120
9511 Harrison Street, Des Plaines, IL 60016 (847) 294-4000
595 S. State Street, Elgin, IL 60123 (847) 608-3131
2309 W. Main Street, Suite 116, Marion, IL 62959 (618) 993-7200
412 SW Washington Street, Suite D, Peoria, IL 61602 (309) 671-3022
4302 N. Main Street, Rockford, IL 61103 (815) 987-7760

PLEASE PRINT ON RECYCLED PAPER

Yours truly,

State of Illinois, Environmental Protection Agency

SIGNED ORIGINAL ON FILE

James Jennings, Interim Director

SIGNED ORIGINAL ON FILE

Jacob Poeschel, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Andrew Armstrong, Chief Legal Counsel

State of Illinois
Environmental Protection Agency
Fund 270 - Water Revolving Fund
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

Exit Conference

The Agency waived an exit conference in a correspondence from Sally Burton, Chief Internal Auditor, on June 17, 2024.

RSM

RSM US LLP

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. James Jennings
Interim 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

Report on Compliance

As 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, 2023 and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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
July 31, 2024

Illinois State Board of Education

State of Illinois
Illinois State Board of Education
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Agency Officials

State Superintendent of Education (02/23/23 – Present)	Dr. Tony Sanders
State Superintendent of Education (Interim) (02/01/23 – 02/22/23)	Krish Mohip
State Superintendent of Education (Through 01/31/23)	Dr. Carmen I. Ayala
Chief of Staff (07/01/23 – Present)	Dr. Kimako Patterson
Chief Legal Officer (10/01/23 – Present)	Kristen Kennedy
Interim Chief Legal Officer (07/01/23 – 09/30/23)	Kristen Kennedy
Legal Officer (09/21/21 – 06/30/23)	Jeremy Duffy
Chief Internal Audit Officer	Tassi Maton
Chief Education Officer – Instruction (07/01/23 – Present)	Jason Helfer, Ph.D.
Chief Education Officer – Operations (07/01/23 – Present)	Krish Mohip
Education Officer (Through 09/23/22)	Dr. Ernesto Matias
Chief Financial Officer (04/17/23 – Present)	Dr. Matthew Seaton
Financial Officer (Interim) 02/15/23 – 04/30/23)	Scott Harry
Financial Officer (02/11/23 – 02/14/23)	Vacant
Financial Officer (Through 02/10/23)	Robert Wolfe
Chief Operating Officer	Melissa Oller
Chief Policy & Communications Officer	Irma Snopek
Research & Evaluation Officer (Interim) (03/01/23 – 06/30/23)	Dr. Melissa DiGangi
Research & Evaluation Officer (Through 03/06/23)	Dr. Brenda M. Dixon

Board Officers

Chairperson (09/16/22 – Present)	Dr. Steven Isoye
Chairperson (08/01/22 – 09/15/22)	Vacant
Chairperson (Through 07/31/22)	Dr. Darren Reisberg
Vice-Chairperson	Dr. Donna S. Leak
Secretary (02/16/23 – Present)	Dr. Christine Benson
Secretary (Through 01/18/23)	Jaime Guzman

State of Illinois
Illinois State Board of Education
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Governing Board Members

Member (01/18/23 – Present)	Dr. James D. Anderson
Member (Through 01/18/23)	Dr. David Lett
Member (01/23/23 – Present)	Dr. Patricia Marie Nugent
Member (Through 01/23/23)	Susie Morrison
Member (1/13/23 – Present)	Dr. Anna Grassellino
Member (07/01/22 – 01/12/23)	Vacant
Member	Roger Eddy
Member (07/21/23 – Present)	Laura Gonzalez
Member (03/13/23 – 07/20/23)	Vacant
Member (08/23/21 – 03/12/23)	Dr. Nike Vielle
Member (06/26/23 – Present)	Dr. Sherly Chavarria
Member (01/19/23 – 06/25/23)	Vacant
Member (07/01/22 – 01/18/23)	Jaime Guzman

Agency Offices

555 W. Monroe Street, Suite 900
Chicago, Illinois 60661

Alzina Building
100 N. First Street
Springfield, Illinois 62777

ILLINOIS STATE BOARD OF EDUCATION

Dr. Tony Sanders, State Superintendent of Education
Dr. Steven Isoye, Chair of the Board

100 N. First Street • Springfield, IL 62777 • isbe.net

MANAGEMENT ASSERTION LETTER

07/31/2024

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, 2023.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Agency and recorded within the Statewide Accounting Management System under detail object codes 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

State of Illinois, Illinois State Board of Education

SIGNED ORIGINAL ON FILE

Dr. Tony Sanders, State Superintendent of Education

SIGNED ORIGINAL ON FILE

Dr. Matthew Seaton, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Kristen Kennedy, Legal Officer

State of Illinois
Illinois State Board of Education
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

Exit Conference

The Agency waived an exit conference in a correspondence from Tassi Maton, Internal Audit Officer, on July 16, 2024.

RSM

RSM US LLP

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

Governing Board
State of Illinois, Illinois State Board of Education

Dr. Tony Sanders
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

Report on Compliance

As 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, 2023 and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

RSM US LLP is the U.S. member firm of RSM International, a global network of independent assurance, tax, and consulting firms.
Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Agency and recorded within the Statewide Accounting Management System under detail object code 1120 was 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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
July 31, 2024

Illinois Student Assistance Commission

State of Illinois
Illinois Student Assistance Commission
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Commission Officials

Executive Director	Eric Zarnikow
Chief Financial Officer (Interim) (01/01/24 – Present)	Rolake Adedara
Chief Financial Officer (Up to 12/31/23)	Shoba Nandhan
Chief Investments Officer (09/25/22 – Present)	Vacant
Chief Investments Officer (07/01/21 – 09/24/22)	Carmen Heredia-Lopez
Director of Investments (09/24/22 – Present)	Roger Rojas
General Counsel (Interim) (03/21/24 – Present)	Lisa Murphy-Coveny
General Counsel (11/16/23 – 03/21/24)	William G. Farrar
General Counsel (Interim) (Up to 10/31/23)	Richard Nowell
Chief Internal Audit Officer	Kishor Desai

Governing Board Members

Chairman	Kevin B. Huber
Vice-Chair of the Board	Elizabeth V. Lopez
Commissioner (06/08/23 – Present)	Vacant
Commissioner (Up to 06/07/23)	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	Payton Ade

Commission Offices

Deerfield Office	Springfield Office	Chicago Office
1755 Lake Cook Road	500 West Monroe	160 North Lasalle Street
Deerfield, Illinois 60015-5209	Springfield, Illinois 62704	Chicago, Illinois 60601

ISAC
Illinois Student Assistance Commission

MANAGEMENT ASSERTION LETTER

July 31, 2024

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, 2023.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Commission and recorded within the Statewide Accounting Management System under detail object code 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

State of Illinois, Illinois Student Assistance Commission

SIGNED ORIGINAL ON FILE

Eric Zarniknow, Executive Director

SIGNED ORIGINAL ON FILE

Rolake Adedara, Interim Chief Financial Officer

SIGNED ORIGINAL ON FILE

Lisa Murphy-Coveny, Interim General Counsel

State of Illinois
Illinois Student Assistance Commission
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	0
Repeated findings	0	0
Prior recommendations implemented or not repeated	0	0

Exit Conference

This report was discussed with Commission personnel at an exit conference on June 21, 2024. Attending were:

Illinois Student Assistance Commission:

Eric Zarnikow	Executive Director
Rolake Adedara	Interim Chief Financial Officer
Juliana Fuhrmann	Human Resources Assistant
Dana Mills Danner	Audit Liaison

OAG:

Dennis M. Gibbons	Senior Audit Manager

RSM US LLP:

Bill Sarb	Partner
Chad McCoy	Audit Manager
Russell Matos	Senior Audit Associate
Cathy Mei	Audit Associate

RSM

RSM US LLP

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

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

Report on Compliance

As 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Commission and recorded within the Statewide Accounting Management System under detail object code 1120 was 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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
July 31, 2024

Illinois Workers' Compensation Commission, Self-Insurers Security Fund

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

For the Year Ended June 30, 2023

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 Board[1]

Chair	Mr. Michael Brennan
Public Member (05/18/2023 – present)	Mr. Shuaib Ahmed
Public member (12/20/2022 – 05/17/2023)	Vacant
Public Member (07/01/2022 – 12/19/2022)	Mr. Paul Bergmann
Member (05/18/2023 – present)	Mr. Toni Herwaldt
Member (07/01/2022 – 05/17/2023)	Vacant
Member (05/18/2023 – present)	Ms. Gina Koenig
Member (12/23/2022 – 05/17/2023)	Vacant
Member (07/01/2022 – 12/22/2022)	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
400 S. Ninth Street, Suite 106
Springfield, Illinois 62701

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

Collinsville Office
1803 Ramada Blvd
Collinsville, IL 62234

[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*

July 31, 2024

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, 2023.

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, 2023, 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, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

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 – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	1
Repeated findings	0	1
Prior recommendations implemented or not repeated	1	0

Schedule of Findings

Item No.	Page	Last/First Reported	Description
			Prior Finding Not Repeated
A.	98	2022/2021	Inaccurate Census Data

Exit Conference

The Commission waived an exit conference in correspondence from Paul Fichtner, Chief Financial Officer, on June 17, 2024.

RSM

RSM US LLP

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

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

Report on Compliance

As 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, 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, 2023, 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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.

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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
July 31, 2024

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

For the Year Ended June 30, 2023

Prior Finding Not Repeated

A. Inaccurate Census Data

In the prior compliance examination, the Illinois Workers' Compensation Commission (Commission) 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.

During the current compliance examination, we did not detect any errors in our testing which would indicate noncompliance in the census data that is provided to the System for use in the annual actuarial valuation process. As a result, this finding is not repeated. (Finding Code No. 2022-001, 2021-001)

Illinois State Toll Highway Authority

Illinois State Toll Highway Authority
(A Component Unit of the State of Illinois)
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Authority Officials

Executive Director (08/06/2022 – present)	Ms. Cassaundra Rouse
Interim Executive Director (04/01/2022 – 08/05/2022)	Ms. Lanyea Griffin
Chief Financial Officer	Ms. Cathy R. Williams
General Counsel	Ms. Kathleen Pasulka-Brown
Chief of Staff (11/01/2023 – present)*	Mr. John Donato
Chief Operations Officer (11/16/2022 – 03/18/2024)*	Mr. Jeffrey Donoghue
Chief Operations Officer (08/06/2022 – 11/15/2022)	Vacant
Chief Operations Officer (07/22/2021 – 08/05/2022)	Ms. Cassaundra Rouse
Controller	Ms. Patricia Pearn

* Chief Operations Officer position was retired after Mr. Jeffrey Donoghue left, and the Chief of Staff position was created. Therefore, there were no vacancies prior to 11/01/2023 to report for the new position.

Toll Highway Authority Board Officers

Chair (02/17/2023 – present)	Mr. Arnaldo Rivera
Chair (02/01/2023 – 02/16/2023)	Vacant
Chair (02/18/2022 – 01/31/2023)	Ms. Dorothy Abreu
Vice Chair	Mr. James Connolly

Toll Highway Authority Board of Directors

Director (07/17/2023 – present)	Ms. Melissa Neddermeyer
Director (04/01/2023 – 7/16/2023)	Vacant
Director (07/01/2021 – 03/31/2023)	Ms. Alice Gallagher
Director	Ms. Jacqueline Gomez Fuentes
Director	Ms. Karen McConnaughay
Director	Mr. Scott Paddock
Director	Mr. Gary Perinar
Director	Mr. James Sweeney
Director (07/17/2023 – present)	Mr. Mark Wright
Director (04/02/2022 – 7/16/2023)	Vacant

Administrative Offices

2700 Ogden Avenue
Downers Grove, Illinois 60515

ILLINOIS TOLLWAY
2700 Ogden Avenue, Downers Grove, IL 60515
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MANAGEMENT ASSERTION LETTER

July 31, 2024

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 Illinois State Toll Highway Authority (Authority), a component unit of the State of Illinois, 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 Authority's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Authority has materially complied with the specified requirements listed below.

A. All of the Authority'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, 2023.

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, 2023, were completely and accurately reported by the Authority 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 Authority to the System during the proportionate share allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Illinois State Toll Highway Authority

SIGNED ORIGINAL ON FILE

Cassaundra Rouse, Executive Director

SIGNED ORIGINAL ON FILE

Cathy R. Williams, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Kathleen Pasulka-Brown, General Counsel

Illinois State Toll Highway Authority
(A Component Unit of the State of Illinois)
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	1
Repeated findings	0	0
Prior recommendations implemented or not repeated	1	0

Schedule of Findings

Item No.	Page	Last/First Reported	Description
			Prior Finding Not Repeated
A.	106	2022/2022	Inaccurate Census Data

Exit Conference

The Authority waived an exit conference in a correspondence from Patricia Pearn, Controller, on July 17, 2024.

RSM

RSM US LLP

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

Board of Directors
Illinois State Toll Highway Authority

Ms. Cassaundra Rouse
Executive Director

External Auditors
Illinois State Toll Highway Authority

Board of Trustees
State Employees' Retirement System

Mr. Timothy Blair
Executive Secretary
State Employees' Retirement System

Report on Compliance

As Special Assistant Auditors for the Auditor General of the State Employees' Retirement System (System), we have examined compliance by management of the Illinois State Toll Highway Authority (Authority), a component unit of the State of Illinois, 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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

The specified requirements are:

A. All of the Authority'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, 2023.

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Visit rsmus.com/aboutus for more information regarding RSM US LLP and RSM International.

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, 2023, were completely and accurately reported by the Authority 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 Authority to the System during the proportionate share allocation year ended June 30, 2023, 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 Authority complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Authority 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 Authority's compliance with the specified requirements.

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

1. the census data accumulation year for the System ended June 30, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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 Authority 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 Authority's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Authority's compliance with the specified requirements and to test and report on the Authority's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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
July 31, 2024

Illinois State Toll Highway Authority
(A Component Unit of the State of Illinois)
Compliance Examination of Census Data – Employer Pensions
Schedule of Findings

For the Year Ended June 30, 2023

Prior Finding Not Repeated

A. Inaccurate Census Data

In the prior compliance examination, the Illinois State Toll Highway Authority (Authority) 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.

During the current compliance examination, our testing indicated the Authority had strengthened controls to ensure accurate census data was provided to the System for use in the annual actuarial valuation process, as no exceptions were identified. As a result, this finding is not repeated. (Finding Code No. 2022-001)

State of Illinois, Illinois State Police – District 15

State of Illinois, Illinois State Police – District 15
Illinois State Toll Highway Authority
(A Component Unit of the State of Illinois)
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Department Officials

Director	Mr. Brendan Kelly
First Deputy Director (12/01/2023 – present)	Ms. Rebecca Hook
First Deputy Director (07/01/2022 – 11/30/2023)	Mr. Matt Davis
Chief Financial Officer, Interim (06/01/2024 – present)	Ms. Michelle Dankoski
Chief Financial Officer (10/18/2021 – 05/31/2024)	Mr. Benjamin Dieterich
Chief Legal Counsel (04/01/2023 – present)	Ms. Steffanie Garrett
Acting Chief Legal Counsel (06/02/2022 – 03/31/2023)	Ms. Kelly Griffith
Chief Internal Auditor	Ms. Denise Caldwell

Administrative Offices

801 South Seventh Street
Springfield, Illinois 62703

Authority Officials

Executive Director (08/06/2022 – present)	Ms. Cassaundra Rouse
Interim Executive Director (04/01/2022 – 08/05/2022)	Ms. Lanyea Griffin
Chief Financial Officer	Ms. Cathy R. Williams
General Counsel	Ms. Kathleen Pasulka-Brown
Chief of Staff (11/01/2023 – present) *	Mr. John Donato
Chief Operations Officer (11/16/2022 – 03/18/2024) *	Mr. Jeffrey Donoghue
Chief Operations Officer (08/06/2022 – 11/15/2022)	Vacant
Chief Operations Officer (07/22/2021 – 08/05/2022)	Ms. Cassaundra Rouse
Controller	Ms. Patricia Pearn

* Chief Operations Officer position was retired after Mr. Jeffrey Donoghue left, and the Chief of Staff position was created. Therefore, there were no vacancies prior to 11/01/2023 to report for the new position.

Toll Highway Authority Board Officers

Chair (02/17/2023 – present)	Mr. Arnaldo Rivera
Chair (02/01/2023 – 02/16/2023)	Vacant
Chair (02/18/2022 – 01/31/2023)	Ms. Dorothy Abreu
Vice Chair	Mr. James Connolly

State of Illinois, Illinois State Police – District 15
Illinois State Toll Highway Authority
(A Component Unit of the State of Illinois)
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Toll Highway Authority Board of Directors

Director (07/17/2023 – present)	Ms. Melissa Neddermeyer
Director (04/01/2023 – 7/16/2023)	Vacant
Director (07/01/2021 – 03/31/2023)	Ms. Alice Gallagher
Director	Ms. Jacqueline Gomez Fuentes
Director	Ms. Karen McConnaughay
Director	Mr. Scott Paddock
Director	Mr. Gary Perinar
Director	Mr. James Sweeney
Director (07/17/2023 – present)	Mr. Mark Wright
Director (04/02/2022 – 7/16/2023)	Vacant

Administrative Offices

2700 Ogden Avenue
Downers Grove, Illinois 60515

ILLINOIS STATE POLICE
Office of the Director

JB Pritzker
Governor

Brendan F. Kelly
Director

MANAGEMENT ASSERTION LETTER

July 31, 2024

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

Ladies and Gentlemen:

The State of Illinois, Illinois State Police (Department)and the Illinois State Toll Highway Authority (Authority), a component unit of the State of Illinois, have shared responsibilities for processing the payroll of sworn officers assigned to the Department's District 15, which is responsible for patrolling the Authority's roadways and facilities. The Department and the Authority are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations, and the intergovernmental agreement between the Department and the Authority outlining the duties, roles, functions, and responsibilities of the parties as allowed for by the Illinois State Police Act (20 ILCS 2610/20), applicable to identifying and enrolling eligible sworn officers of District 15 withing the State Employees' Retirement System (System). The Authority is responsible for processing and paying the payroll for the Department and, therefore, is responsible for reporting the Department's significant elements of census data and authorizing the Comptroller to pay the related employer contributions to the System. We are responsible for, and we have established and maintained an effective system of internal controls over the specified requirements. We have jointly performed an evaluation of our compliance based on the delineated responsibilities of the Department and the Authority with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Department and the Authority have materially complied with the specified requirements listed below.

A. All of the Department's sworn officers assigned to District 15 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, 2023. The enrollment of these sworn officers within the System occurred through payroll transactions which were processed by the Authority using information provided by the Department.

B. The changes in significant elements of census data for District 15's sworn officers required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2023, were completely and accurately reported by the Department through the Authority's payroll transactions 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

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(217) 782-7263 (voice) • 1 (800) 255-3323 (TDD)
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C. The employer contributions remitted by the Authority for the Department's sworn officers assigned to District 15 to the System during the proportionate share allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

State of Illinois, Illinois State Police

SIGNED ORIGINAL ON FILE

Brendan Kelly, Director

SIGNED ORIGINAL ON FILE

Michelle Dankoski, Interim Chief Financial Officer

SIGNED ORIGINAL ON FILE

Steffanie Garrett, Chief Legal Counsel

Illinois State Toll Highway Authority

SIGNED ORIGINAL ON FILE

Cassaundra Rouse, Executive Director

SIGNED ORIGINAL ON FILE

Cathy R. Williams, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Kathleen Pasulka-Brown, General Counsel

State of Illinois, Illinois State Police – District 15
Illinois State Toll Highway Authority
(A Component Unit of the State of Illinois)
Compliance Examination of Census Data – Employer Pensions

For the Year Ended June 30, 2023

Compliance Report

Summary

The State 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 State 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	1
Repeated findings	0	0
Prior recommendations implemented or not repeated	1	0

Schedule of Findings

Item No.	Page	Last/First Reported	Description
			Prior Finding Not Repeated
A.	115	2022/2022	Inaccurate Census Data

Exit Conference

The Department waived an exit conference in correspondence from Kelly Clark, Payroll Manager, on July 18, 2024.

RSM US LLP

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

Board of Directors
Illinois State Toll Highway Authority

Ms. Cassaundra Rouse
Executive Director
Illinois State Toll Highway Authority

Mr. Brendan Kelly
Director
State of Illinois, Illinois State Police

External Auditors
Illinois State Toll Highway Authority

External Auditors
State of Illinois, Illinois State Police

Board of Trustees
State Employees' Retirement System

Mr. Timothy Blair
Executive Secretary
State Employees' Retirement System

Report on Compliance

As 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 Police (Department) and the Illinois State Toll Highway Authority (Authority), a component unit of the State of Illinois, 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, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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

The specified requirements are:

A. All of the Department's sworn officers assigned to District 15 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, 2023. The enrollment of these sworn officers within the System occurred through payroll transactions which were processed by the Authority using information provided by the Department

B. The changes in significant elements of census data for District 15's sworn officers required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2023, were completely and accurately reported by the Department through the Authority's payroll transactions to the System. The significant elements of census data of the System include each employee's:

   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 Authority for the Department's sworn officers assigned to District 15 to the System during the proportionate share allocation year ended June 30, 2023, 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 and Authority complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Authority 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 and Authority's compliance with the specified requirements.

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

1. the census data accumulation year for the System ended June 30, 2023, and
2. the proportionate share allocation year for the System ended June 30, 2023.

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 and Authority are 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 and Authority's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department and Authority's compliance with the specified requirements and to test and report on the Department and Authority's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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
July 31, 2024

State of Illinois, Illinois State Police – District 15
Illinois State Toll Highway Authority
(A Component Unit of the State of Illinois)
Compliance Examination of Census Data – Employer Pensions
Schedule of Findings

For the Year Ended June 30, 2023

Prior Finding Not Repeated

A. Inaccurate Census Data

In the prior compliance examination, the Illinois State Police (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.

During the current compliance examination, our testing indicated the Department had strengthened controls to ensure accurate census data was provided to the System for use in the annual actuarial valuation process, as no exceptions were identified. As a result, this finding is not repeated. (Finding Code No. 2022-001)