



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

STATE UNIVERSITIES RETIREMENT SYSTEM

Compliance Examination
 For the Two Years Ended June 30, 2023

Release Date: May 23, 2024

FINDINGS THIS AUDIT: 4	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2021	23-1		
Category 2:	3	0	3				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	3	1	4				
FINDINGS LAST AUDIT: 2							

INTRODUCTION

This digest covers our compliance examination of the State Universities Retirement System (System) for the two years ended June 30, 2023. A separate digest covering the Systems’ Financial Audit as of and for the year ended June 30, 2023, was previously released on February 29, 2024. In total, this report contains 4 findings, 1 of which was reported in the Financial Audit.

SYNOPSIS

- (23-4) The System had weaknesses over the controls within the information technology (IT) environment.

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

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INFORMATION TECHNOLOGY CONTROL SECURITY WEAKNESSES

The State Universities Retirement System (System) had weaknesses over the controls within the information technology (IT) environment.

The System relies on its computing environment for maintaining several critical, sensitive, and/or confidential systems for financial reporting and meeting its mission.

During testing of System's information technology security controls, we noted:

Change Management

Insufficient Change Management Policy

The System did not have a sufficient change management policy documenting the internal controls over changes for the membership application and date. Furthermore, the System's policy does not require a formal, documented post-implementation review of changes. Although the System did not have a sufficient internal control policy, we tested a sample of changes to the membership application to ensure they were approved and segregation of duties existed, noting no exceptions.

Access Provisioning

During testing of terminated users' access, we noted 3 of 3 (100%) sample terminated users' access was not terminated immediately, in accordance with internal policy. The terminated users' access was terminated the next business day. The System's Computer Account Guidelines states a terminated users' access is to be removed immediately.

Policy Review

Policies had not been reviewed in the last two years

During testing of the System's review of policies, we noted the Employee Security Handbook and the Access Policy had not been reviewed within the last two years. The System's IT Governance Policy requires internal policies are to be reviewed at least every two years.

Although the System had developed a change management policy, it did not address control over emergency changes, approval to move changes to the production environment, and proper segregation of duties. (Finding 4, pages 12-13)

We recommended the System:

- Develop a change management policy documenting the internal controls over changes to its applications and data and require a documented post-implementation review process.

- Process system access changes in accordance with the established policy.
- Include the Employee Security Handbook and Access Policy in the set cadence of policy review.

System response

System officials accepted the finding.

OTHER FINDINGS

The remaining findings pertain to inadequate controls over service providers, failure to record expenditures in the correct Fiscal Year and a lack of disaster recovery testing. We will review the System's progress towards the implementation of our recommendations in our next State compliance examination.

AUDITOR'S OPINION

The auditors stated the financial statements of the System as of and for the year ended June 30, 2023 are fairly stated in all material respects.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the System for the year ended June 30, 2023, as required by the Illinois State Auditing Act. The accountants qualified their report on State Compliance for Finding 2023-001. Except for the noncompliance described in that finding, the accountants stated the System complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by RSM US, LLP.

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JANE CLARK
Division Director

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

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FRANK J. MAUTINO
Auditor General

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