



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

GENERAL ASSEMBLY RETIREMENT SYSTEM

Compliance Examination
 For the Year Ended June 30, 2020

Release Date: May 19, 2021

FINDINGS THIS AUDIT: 2	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2015		20-1	
Category 2:	1	1	2				
Category 3:	0	0	0				
TOTAL	1	1	2				
FINDINGS LAST AUDIT: 2							

INTRODUCTION

This digest covers our Compliance Examination of the General Assembly Retirement System for the year ended June 30, 2020. A separate Financial Audit as of and for the year ending June 30, 2020, was previously released on January 27, 2021. This report contains two findings, neither of which were reported in the financial audit.

SYNOPSIS

- (20-1) The General Assembly Retirement System of the State of Illinois continues to not comply with the ethics training provisions of the Illinois Pension Code.

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

GENERAL ASSEMBLY RETIREMENT SYSTEM OF ILLINOIS
COMPLIANCE EXAMINATION
For the Year Ended June 30, 2020

EXPENSE AND RECEIPT STATISTICS	FY 2020	FY 2019
Total Expenditures.....	\$ 51,970,564	\$ 48,310,026
General Revenue Fund - 001:		
Appropriation for State's contribution.....	25,754,000	23,221,000
General Assembly Retirement System Fund - 481:		
Pensions, annuities and benefits.....	25,613,720	24,469,043
Personal services.....	141,624	117,379
Refunds.....	137,809	169,134
Other payroll costs	117,988	99,977
Contractual services.....	83,914	119,009
Electronic data processing.....	23,871	21,964
All other expenses.....	1,453	3,124
General Assembly Retirement Excess Benefit Fund - 786:		
Pensions, annuities and benefits.....	96,185	89,396
Total Receipts.....	\$ 28,023,628	\$ 24,544,667
CHANGES IN INVESTMENT BALANCES	June 30, 2020	June 30, 2019
Balance at beginning of year, at fair value.....	\$ 54,604,432	\$ 51,487,943
Net cash added (withdrawn) to (from) investments, net.....	-	(260,000)
Net investments.....	54,604,432	51,227,943
Investment income - interest, dividends and other.....	629,898	881,479
Investment expenses.....	(76,255)	(74,362)
Net investment income.....	553,643	807,117
Net realized gain (loss) on investments.....	1,476,020	3,113,956
Net unrealized gain (loss) on sale of investments.....	494,424	(544,584)
Net appreciation (depreciation) in fair value of investments.....	1,970,444	2,569,372
Total net investment income (loss).....	2,524,087	3,376,489
Balance at end of year, at fair value.....	<u>\$ 57,128,519</u>	<u>\$ 54,604,432</u>
SCHEDULE OF CONTRIBUTIONS/DEDUCTIONS AND EFFECT ON INVESTMENTS (UNAUDITED)	FY 2020	FY 2019
CONTRIBUTIONS:		
Participant.....	\$ 1,205,930	\$ 1,317,187
Employer.....	25,754,000	23,253,426
Total Contributions.....	<u>26,959,930</u>	<u>24,570,613</u>
DEDUCTIONS:		
Benefits.....	25,709,904	24,558,440
Refunds.....	137,810	168,920
Administration.....	400,697	389,833
Total Deductions.....	<u>26,248,411</u>	<u>25,117,193</u>
Contributions in Excess of Deductions (Investments used to pay Benefits and Expenses).....	<u>\$ 711,519</u>	<u>\$ (546,580)</u>
SUPPLEMENTARY INFORMATION (UNAUDITED)	June 30, 2020	June 30, 2019
Money-weighted rate of return.....	4.7%	7.2%
EXECUTIVE SECRETARY		
During Engagement Period: Timothy Blair		
Currently: Timothy Blair		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**NONCOMPLIANCE WITH ETHICS TRAINING
REQUIREMENTS**

The General Assembly Retirement System of the State of Illinois (System) continues to not comply with the ethics training provisions of the Illinois Pension Code.

The System did not track the ethics training completed by its Board members

During the current year examination testing, we determined through our compliance testing the System did not track the ethics training completed by its Board members and did not submit the required annual certification of compliance certifying ethics training was completed by its Board members with the Illinois Department of Financial and Professional Regulation, Division of Insurance (DFPR). (Finding 1, page 10) **This finding has been repeated since 2015.**

Annual certification not submitted

We recommended the System provide opportunity for the Board members to participate in 8 hours of ethics training in order to internally process and track each Board member's ethics training requirements and submit the required annual certification to DFPR or seek legislative remedy from the statutory requirement.

The System agreed with the recommendation

The System agreed with our recommendation and indicated they would work to obtain a training certification from the GARS Trustees.

OTHER FINDINGS

The remaining finding pertains to the General Assembly Retirement System (System) having a vacancy in one of the seven required trustees of the Board for more than one year. We will review the System's progress towards the implementation of our recommendations in our next compliance examination.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the General Assembly Retirement System for the year ended June 30, 2020, as required by the Illinois State Auditing Act. The accountants stated the General Assembly Retirement System complied, in all material respects, with the requirements described in the report.

This compliance examination was conducted by RSM US LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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