



State of Illinois
State Universities
Retirement System
(A Component Unit of the
State of Illinois)

**Compliance Examination of Census Data
For the Year Ended June 30, 2022
Performed as Special Assistant Auditors for
the Auditor General, State of Illinois**



State of Illinois
State Universities Retirement System
Compliance Examination of Census Data
For the Year Ended June 30, 2022

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Chicago State University

State of Illinois
Chicago State University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

UNIVERSITY OFFICIALS

President	Ms. Zaldwaynaka Scott, Esq.
Chief of Staff	Mr. Kim Tran
Interim Provost and V.P. for Academic Affairs	Dr. Leslie Roundtree
V.P., General Counsel, Chief Compliance Officer & V.P. of Legal Affairs (06/01/22 - Present)	Mr. Jason Carter
CFO & V.P. of Financial Operations (10/24/22-3/30/23)	Mr. Dennis Stark
CFO & V.P. of Financial Operations (3/22/23-Present)	Ms. Nicole Latimer-Williams
Executive Director/Controller	Ms. Rona Lagdamen, CPA
Chief Internal Auditor (07/01/21 – 06/17/22)	Ms. Natalie Covello
Chief Internal Auditor (10/17/22 – 06/30/23)	Mr. Stetson Marshall

BOARD OF TRUSTEES

Chair	Ms. Andrea Zopp, Esq.
Vice Chair	Mr. Mark Schneider, Esq.
Secretary	Ms. Angelique David
Member	Mr. Brian Clay, M.D.
Member (09/08/21 – Present)	Mr. Cory Thames
Member (03/28/22 – Present)	Ms. Cheryl Watkins
Member (03/28/22 – Present)	Mr. Jason Quiara
Student Member	Ms. Essence Smart

UNIVERSITY OFFICE

The University's primary administrative office is located at:

9501 S. King Drive
Chicago, Illinois 60628



CHICAGO STATE UNIVERSITY

MANAGEMENT ASSERTION LETTER

September 19, 2023

Pension Plan Auditors
FORVIS, LLP
225 North Water Street, Suite 400
Decatur, Illinois 62523

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 Chicago State University (University) and reporting their significant elements of census data and related employer and/or employee contributions within the State Universities 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 University's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the University has materially complied with the specified requirements listed below.

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System. The significant elements of census data of the System include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.
- C. 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, 2021, were completely and accurately reported by the University to CMS. The significant elements of census data of the Plan include each employee's:

- date of birth;
- gender; and,
- earned service credit.

D. The employee and employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Chicago State University

SIGNED ORIGINAL ON FILE

Zaldwaynaka Scott, President

SIGNED ORIGINAL ON FILE

Nicole Latimer-Williams, Chief Financial Officer & Vice President of Financial Operations

SIGNED ORIGINAL ON FILE

Jason Carter, General Counsel, Chief Compliance Officer & Vice President of Legal Affairs

State of Illinois
Chicago State University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

Summary

The examination of the Chicago State University census data was performed by FORVIS, LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Accountant's Reports

The Independent Accountant's Report 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	N/A
Prior recommendations implemented or not repeated	N/A	N/A

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Findings				
2022-001	9	2021	Inadequate internal controls over census data	Significant Deficiency and Noncompliance

State of Illinois
Chicago State University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

Exit Conference

The finding and recommendation appearing in this report was discussed with University personnel at an exit conference on September 7, 2023.

Attending were:

Chicago State University

Natalie Covello, Chief Internal Auditor

Jason Carter, V.P., General Counsel, Chief Compliance Officer & V.P. of Legal Affairs

Rona Lagdamen, Executive Director/Controller

Latasha Larry, Associate Vice President, Human Resources & Chief Culture Officer

Office of the Auditor General and Special Assistant Auditor

Thomas Kizziah, Senior Audit Manager – Office of the Auditor General

Heather Powell, Managing Director – FORVIS, LLP

The response to the recommendations was provided by Latasha Larry, Associate Vice President of Human Resources & Chief Culture Officer, in a correspondence dated September 14, 2023.

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, Chicago State University

Ms. Zaldwaynaka Scott
President
State of Illinois, Chicago State University

External Auditors
State of Illinois, Chicago State University

Governing Board
State Universities Retirement System

Ms. Suzanne Mayer
Executive Director
State Universities Retirement System

Report on Compliance

As Special Assistant Auditors for the Auditor General of the State Universities Retirement System (System), we have examined compliance by management of the State of Illinois, Chicago State University (University) 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, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the State Employees' Group Insurance Program (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2021; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2022.

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

The specified requirements are:

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System.

The significant elements of census data of the System include each employee's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- C. The changes in significant elements of census data for employees required to be enrolled in the Plan occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the System to CMS through the System.

The significant elements of census data of the System include each member's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- D. The employee and/or employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, 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 University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University 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 University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during:

- 1) the census data accumulation year for the System ended June 30, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2021; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2022,

in all material respects. 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 2022-001.

The University's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The University'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 University 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 University's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2022-001, that we consider to be a significant deficiency.

The University's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The University'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

Decatur, Illinois
September 19, 2023

State of Illinois
Chicago State University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data

The Chicago State University (University) did not have adequate internal control over reporting its census data to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or 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 valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the 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 University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing, we noted the following:

- During our previous cut-off testing of data transmitted by the University to SURS, we noted 1 instance of an active employee becoming inactive were reported to SURS after the close of the fiscal year in which the event occurred. We also noted 2 instances whereby service credit was different by a total of 3.25 years. All of these instances have been previously reported, however still impacted the June 30, 2021 census data.
- During our testing of instructor eligibility testing, we noted 2 instructors were not reported as eligible to participate in SURS by the University. For the June 30, 2021 census data, it was determined the service credit was different by a combined total of ½ of a year.

State of Illinois
Chicago State University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2022.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

State of Illinois
Chicago State University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, for CMS' OPEB plan, we noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

University management indicated the University continued to rely on manual reconciliation processes which were not fully adequate to ensure accuracy and consistency among SURS, CMS, and the records retained at the University.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. Further, failure to report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2022-001, 2021-001)

RECOMMENDATION

We recommend the University continue to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

Further, we recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

Finally, we recommend that the University ensure all eligible employees are reported to SURS, along with any required employee and employer contributions.

State of Illinois
Chicago State University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University is developing processes to ensure all events occurring within a census data accumulation year are timely reported to SURS. Documentation and cross-training are still on-going to improve processes and minimize errors. The University will continue to review and update incremental changes to the census data file to ensure that all errors are promptly corrected.

Eastern Illinois University

State of Illinois
Eastern Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

UNIVERSITY OFFICIALS

President (7/1/23 – Present)	Dr. Jay D. Gatrell
President (7/1/21 – 6/30/23)	Dr. David M. Glassman
Interim Provost and Vice President for Academic Affairs (7/1/23 – Present)	Dr. Ryan C. Hendrickson
Provost and Vice President for Academic Affairs (7/1/21-6/30/23)	Dr. Jay D. Gatrell
Vice President for Business Affairs (7/6/22 – Present)	Mr. Matthew J. Bierman
Vice President for Business Affairs (4/1/22 – 7/5/22)	Vacant
Vice President for Business Affairs (through 3/31/22)	Mr. Sean D. Reeder
Vice President for Student Affairs	Ms. Anne Flaherty
Vice President for University Advancement (7/1/23 – Present)	Vacant
Vice President for University Advancement (7/1/21 – 6/30/23)	Mr. Kenneth A. Wetstein
Director of Business Services and Treasurer (5/1/23 – Present)	Mr. Michael Hutchinson, CPA
Director of Business Services and Treasurer (7/1/21 – 4/30/23)	Mr. Paul A. McCann
General Counsel (4/18/23 – Present)	Mr. Austin Hill
General Counsel (3/1/23 – 4/17/23)	Vacant
General Counsel (7/1/21-2/28/23)	Ms. Laura McLaughlin
Director of Internal Auditing (5/1/23 – Present)	Vacant
Director of Internal Auditing (4/4/22 – 4/30/23)	Mr. Chifundo Biliwita, CIA, CFE
Director of Internal Auditing (8/1/21 - 4/3/22)	Vacant
Director of Internal Auditing (through 7/31/21)	Ms. Leigh C. Moon

BOARD OF TRUSTEES (As of 6/30/23)

Chairperson	Ms. Joyce Madigan
Vice Chairperson	Vacant
Secretary	Dr. Audrey Edwards
Member Pro-Tem	Ms. Barbara Baurer
Member	Mr. Joseph R. Dively
Member	Mr. C. Christopher Hicks
Member	Vacant
Student Member	Ms. Lucy Ade

UNIVERSITY OFFICE

The University's offices are located at:

600 Lincoln Avenue
Charleston, Illinois 61920



Office of the President

600 Lincoln Avenue
Charleston, Illinois 61920-3099

Office: (217) 581-2011
Fax: (217) 581-2490

MANAGEMENT ASSERTION LETTER

September 19, 2023

Pension Plan Auditors
FORVIS, LLP
225 North Water Street, Suite 400
Decatur, Illinois 62523

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 Eastern Illinois University (University) and reporting their significant elements of census data and related employer and/or employee contributions within the State Universities 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 University's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the University has materially complied with the specified requirements listed below.

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System. The significant elements of census data of the System include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.
- C. 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, 2021, were completely and accurately reported by the University to CMS. The significant elements of census data of the Plan include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.

- D. The employee and employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Eastern Illinois University

SIGNED ORIGINAL ON FILE

Dr. Jay D. Gatrell, President

SIGNED ORIGINAL ON FILE

Mr. Matthew J. Bierman, Vice President for Business Affairs

SIGNED ORIGINAL ON FILE

Mr. Austin J. Hill, General Counsel

State of Illinois
Eastern Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

Summary

The examination of the Eastern Illinois University census data was performed by FORVIS, LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Accountant's Reports

The Independent Accountant's Report 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	N/A
Prior recommendations implemented or not repeated	N/A	N/A

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Findings				
2022-001	20	2021	Inadequate internal controls over census data	Material Weakness and Noncompliance

Exit Conference

The University waived an exit conference in correspondence from Michael Hutchinson, Director of Business Services and Treasurer on September 1, 2023. The response to the recommendations was provided by Michael Hutchinson, Director of Business Services and Treasurer in a correspondence dated September 1, 2023.

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, Eastern Illinois University

Dr. Jay D. Gatrell
President
State of Illinois, Eastern Illinois University

External Auditors
State of Illinois, Eastern Illinois University

Governing Board
State Universities Retirement System

Ms. Suzanne Mayer
Executive Director
State Universities Retirement System

Report on Compliance

As Special Assistant Auditors for the Auditor General of the State Universities Retirement System (System), we have examined compliance by management of the State of Illinois, Eastern Illinois University (University) 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, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the State Employees' Group Insurance Program (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2021; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2022.

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

The specified requirements are:

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System.

The significant elements of census data of the System include each employee's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- C. The changes in significant elements of census data for employees required to be enrolled in the Plan occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the System to CMS through the System.

The significant elements of census data of the System include each member's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- D. The employee and/or employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, 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 University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during:

- 1) the census data accumulation year for the System ended June 30, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2021; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2022,

in all material respects. 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 2022-001.

The University's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The University'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 University 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 University's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2022-001, that we consider to be a material weakness.

The University's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The University'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

Decatur, Illinois
September 19, 2023

State of Illinois
Eastern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data

The Eastern Illinois University (University) did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or 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 valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the 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 University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing, we noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.

State of Illinois
Eastern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

- During our previous cut-off testing of data transmitted by the University to SURS, we noted 2 instances of an inactive employee becoming active were reported to SURS after the close of the fiscal year in which the event occurred. We also noted 4 instances whereby service credit was different by a total of 6.50 years. All of these instances have been previously reported, however still impacted the June 30, 2021 census data.
- During our testing of instructor eligibility testing, we noted 19 instructors were not reported as eligible to participate in SURS by the University. All of these instances have been previously reported, however still impacted the June 30, 2021 census data. SURS determined the total potential impact of these errors was the instructors' service credit was off by a combined 41.5 years.

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2022.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;

State of Illinois
Eastern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, for CMS' OPEB plan, we noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

University officials indicated the base year reconciliation process was not established until Fiscal Year 2021, which is currently being performed by University staff. In addition, they indicated the late reported events were due to employees being paid one pay period after the occurrence of the reporting event. For example, a retirement that occurs on June 30, would still have one pay to be made in July. The timing of that payment would depend on whether the employee was a bi-weekly or monthly employee. Finally, they indicated the instructors were not reported to SURS due to the University utilizing a different reasonable and good faith interpretation of the Code's eligibility requirements.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. Further, failure to

State of Illinois
Eastern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2022-001, 2021-001)

RECOMMENDATION

We recommend the University continue to work with SURS to complete the base year reconciliation of Fiscal Year 2021 active members' census data from its underlying records to a report of census data submitted to SURS' actuary and CMS' actuary. After completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

Further, we recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

Finally, we recommend the University ensure all eligible employees are reported to SURS, along with any required employee and employer contributions.

UNIVERSITY RESPONSE

The University accepts the recommendation. The University continues to work on the completion of the initial full reconciliation. The University will work to improve the reporting of all reportable events in accordance with the rules established by the Code and administrative rules.

Governors State University

State of Illinois
Governors State University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

UNIVERSITY OFFICIALS

President	Dr. Cheryl F. Green
Vice President for Administration and Finance (10/11/21 to Present)	Dr. Corey S. Bradford
Vice President for Administration and Finance (7/1/21 to 10/15/21)	Dr. W. Paul Bylaska
General Counsel and Vice President	Ms. Therese Nohos
Chief Internal Auditor	Mr. Kristoffer Evangelista, CPA
Associate Vice President for Finance	Ms. Villalyn Baluga, CPA
Vice President of Human Resources (7/1/22 to present)	Mr. Joshua R. Allen, MPS, SHRM-SCP
Associate Vice President of Human Resources (10/18/21 to 6/30/22)	Mr. Joshua R. Allen, MPS, SHRM-SCP
Associate Vice President of Human Resources (7/16/23 to Present)	Ms. Sandra Marak, MA, PHR, SHRM-CP

OFFICERS OF THE UNIVERSITY BOARD OF TRUSTEES

Chairman (8/5/22 to Present)	Ms. Angela Sebastian
Chairman (7/1/21 to 8/4/22)	Ms. Lisa Harrell
Vice Chairman	Mr. Kevin Brookins
Secretary	Mr. James Kvedaras

UNIVERSITY BOARD OF TRUSTEES

Trustee (7/1/22 to Present)	Ms. Lluvia Hernandez-Aguirre, Student
Trustee (7/1/21 to 6/30/22)	Ms. Jeanine Latrice Kroger, Student
Trustee (1/14/23 to Present)	Vacant
Trustee (7/1/21 to 1/13/23)	Mr. Pedro Cevallos-Candau
Trustee	Mr. Kevin Brookins
Trustee	Mr. John Brudnak
Trustee (January 2023 to Present)	Vacant
Trustee (7/1/21 to January 2023)	Ms. Lisa Harrell
Trustee	Ms. Angela Sebastian
Trustee	Mr. James Kvedaras
Trustee	Mr. Anibal Taboas

UNIVERSITY OFFICE

The University's primary administrative office is located at:

1 University Parkway
University Park, Illinois 60484



Office of the President

1 University Parkway
University Park, IL 60484
708.534.4130
cgreen@govst.edu
www.govst.edu

MANAGEMENT ASSERTION LETTER

September 19, 2023

Pension Plan Auditors
FORVIS, LLP
225 North Water Street, Suite 400
Decatur, Illinois 62523

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 Governors State University (University) and reporting their significant elements of census data and related employer and/or employee contributions within the State Universities Retirement System (System) and the State Employees' Group Insurance Program (Plan) administered by the State of Illinois, Department of Central Management Services (CMS). 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 University's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the University has materially complied with the specified requirements listed below.

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System. The significant elements of census data of the System include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.

- C. 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, 2021, were completely and accurately reported by the University to CMS. The significant elements of census data of the Plan include each employee's:
- date of birth;
 - gender; and,
 - earned service credit.
- D. The employee and employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Governors State University

SIGNED ORIGINAL ON FILE

Dr. Cheryl F. Green, President

SIGNED ORIGINAL ON FILE

Dr. Corey S. Bradford, Vice President for Administration and Finance

SIGNED ORIGINAL ON FILE

Ms. Therese King Nohos, General Counsel and Vice President

State of Illinois
Governors State University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

Summary

The examination of the Governors State University census data was performed by FORVIS, LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Accountant's Reports

The Independent Accountant's Report 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	N/A
Prior recommendations implemented or not repeated	N/A	N/A

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Findings				
2022-001	31	2021	Inadequate internal controls over census data	Significant Deficiency and Noncompliance

Exit Conference

The University waived an exit conference in correspondence from Villalyn Baluga, Associate Vice President for Finance on September 7, 2023. The response to the recommendations was provided by Villalyn Baluga, Associate Vice President for Finance in a correspondence dated September 14, 2023.

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, Governors State University

Dr. Cheryl F. Green
President
State of Illinois, Governors State University

External Auditors
State of Illinois, Governors State University

Governing Board
State Universities Retirement System

Ms. Suzanne Mayer
Executive Director
State Universities Retirement System

Report on Compliance

As Special Assistant Auditors for the Auditor General of the State Universities Retirement System (System), we have examined compliance by management of the State of Illinois, Governors State University (University) 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, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the State Employees' Group Insurance Program (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2021; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2022.

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

The specified requirements are:

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System.

The significant elements of census data of the System include each employee's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- C. The changes in significant elements of census data for employees required to be enrolled in the Plan occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the System to CMS through the System.

The significant elements of census data of the System include each member's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- D. The employee and/or employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, 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 University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University 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 University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during:

- 1) the census data accumulation year for the System ended June 30, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2021; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2022,

in all material respects. 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 2022-001.

The University's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The University'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 University 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 University's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2022-001, that we consider to be a significant deficiency.

The University's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The University'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

Decatur, Illinois
September 19, 2023

State of Illinois
Governors State University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data

The Governors State University (University) did not have adequate internal control over reporting its census data to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or 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 valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the 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 University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing, we noted the following:

- During our cut-off testing of data transmitted by the University to SURS, we noted 6 instances of an inactive employee becoming active and 1 instance of an active employee becoming inactive were reported to SURS after the close of the fiscal year in which the event occurred. Two of these instances have been previously reported, however still impacted the June 30, 2021 census data. SURS determined the total potential impact of these errors was the instructors' service credit was off by a combined 1 year.

State of Illinois
Governors State University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

We provided SURS’ actuary and CMS’ actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS’ and CMS’ pension and OPEB-related balances and activity at the plans during Fiscal Year 2022.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State’s resources.

University officials indicated the University has established procedures to ensure census data events are reported to SURS timely and accurately, except for the adjunct faculty members. The late reported events were due to the difficulty in timely reporting events which occur near the end of the fiscal year to SURS as it relates to the University's adjunct faculty members.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University’s financial statements, the financial statements of other employers within both plans, and the State of Illinois’ Annual Comprehensive Financial Report. (Finding Code No. 2022-001, 2021-001)

RECOMMENDATION

We recommend the University continue focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS’ actuary and CMS’ actuary.

Further, we recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS’ actuary and CMS’ actuary.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University is working on overhauling the adjunct process that will address timely and accurate reporting of census data events to SURS.

Illinois State University

State of Illinois
Illinois State University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

UNIVERSITY OFFICIALS

President (07/01/22 – 2/14/23)	Dr. Terri Goss Kinzy
Interim President (2/15/23 – Present)	Dr. Andover Tarhule
Vice President for Finance and Planning	Mr. Dan Stephens
Vice President for Academic Affairs and Provost (7-1-22 to 2-14-23)	Dr. Andover Tarhule
Interim Vice President for Academic Affairs and Provost (2-14-23 to Present)	Dr. Ani Yazedjian
Vice President for Student Affairs	Dr. Levester Johnson
Vice President for University Advancement	Mr. Pat Vickerman
Comptroller	Mr. Doug Schnittker
Legal Counsel	Ms. Jeannie Barrett
Director – Internal Audit	Mr. Robert Blemler

BOARD OF TRUSTEES

Chair of the Board (07/01/22 – 2-16-23)	Dr. Mary Ann Louderback
Chair of the Board (2-17-23 - Present)	Dr. Kathryn Bohn
Secretary of the Board (07/01/22 – 2-16-23)	Dr. Kathryn Bohn
Secretary of the Board (2-17-23 - Present)	Dr. Robert Navarro
Member	Ms. Kathryn Bohn
Member (7-1-22 to 2-16-23)	Mr. Robert Dobski
Member	Ms. Julie Annette Jones
Member (7-1-22 to 2-16-23)	Dr. Mary Ann Louderback
Member	Dr. Robert Navarro
Member (2-17-23 – Present)	Mr. Scott Jenkins
Member (2-17-23 – Present)	Ms. Lia Meringa
Student Member (current)	Mr. Aselimhe Ebikhumi

UNIVERSITY OFFICE

The University's primary administrative office is located at:

Hovey Hall Campus
Box 1100
Normal, Illinois 61790-1100



**ILLINOIS STATE
UNIVERSITY**
Illinois' first public university

Vice President for Finance and Planning
302 Hovey Hall
Campus Box 1100
Normal, IL 61790-1100
Phone: (309) 438-2143
Fax: (309) 438-2768

MANAGEMENT ASSERTION LETTER

September 15, 2023

Pension Plan Auditors
FORVIS, LLP
225 North Water Street, Suite 400
Decatur, Illinois 62523

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 University (University) and reporting their significant elements of census data and related employer and/or employee contributions within the State Universities 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 University's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the University has materially complied with the specified requirements listed below.

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System. The significant elements of census data of the System include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.
- C. 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, 2021, were completely and accurately reported by the University to CMS. The significant elements of census data of the Plan include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.

D. The employee and employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Illinois State University

SIGNED ORIGINAL ON FILE

Dr. Andover Tarnule, Interim President

SIGNED ORIGINAL ON FILE

Mr. Dan Stephens, Vice President for Finance and Planning

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Ms. Jeannie Barrett, Legal Counsel

State of Illinois
Illinois State University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

Summary

The examination of the Illinois State University census data was performed by FORVIS, LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Accountant's Reports

The Independent Accountant's Report 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	N/A
Prior recommendations implemented or not repeated	N/A	N/A

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Findings				
2022-001	40	2021	Inadequate internal controls over census data	Significant Deficiency and Noncompliance

Exit Conference

The University waived an exit conference in correspondence from Doug Schnittker, Associate Vice President, Financial Administration and Comptroller, on September 7, 2023. The response to the recommendations was provided by Doug Schnittker, Associate Vice President, Financial Administration and Comptroller, in a correspondence dated September 14, 2023.

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 University

Dr. Andover Tarhule
Interim President
State of Illinois, Illinois State University

External Auditors
State of Illinois, Illinois State University

Governing Board
State Universities Retirement System

Ms. Suzanne Mayer
Executive Director
State Universities Retirement System

Report on Compliance

As Special Assistant Auditors for the Auditor General of the State Universities Retirement System (System), we have examined compliance by management of the State of Illinois, Illinois State University (University) 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, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the State Employees' Group Insurance Program (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2021; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2022.

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

The specified requirements are:

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System.

The significant elements of census data of the System include each employee's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- C. The changes in significant elements of census data for employees required to be enrolled in the Plan occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the System to CMS through the System.

The significant elements of census data of the System include each member's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- D. The employee and/or employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, 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 University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University 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 University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during:

- 1) the census data accumulation year for the System ended June 30, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2021; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2022,

in all material respects. 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 2022-001.

The University's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The University'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 University 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 University's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2022-001, that we consider to be a significant deficiency.

The University's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The University'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

Decatur, Illinois
September 19, 2023

State of Illinois
Illinois State University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data

The Illinois State University (University) did not have adequate internal control over reporting its census data to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or 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 valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the 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 University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing, we noted the following:

- During our cut-off testing of data transmitted by the University to SURS, we noted 2 instances of an inactive employee retiring and 1 instance of an active employee becoming inactive were reported to SURS after the close of the fiscal year in which the event occurred. There was also 1 instance previously reported that still impacted the June 30, 2021 census data.

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2022.

State of Illinois
Illinois State University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

University officials indicated the late reported events were due to the difficulty in timely reporting events which occur near the end of the fiscal year to SURS.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. (Finding Code No. 2022-001, 2021-001)

RECOMMENDATION

We recommend the University continue to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

Further, we recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

UNIVERSITY RESPONSE

The University continues to review our processes and improve accuracy and timeliness of reportable events.

Northeastern Illinois University

State of Illinois
Northeastern Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

UNIVERSITY OFFICIALS

Interim President	Dr. Katrina Bell Jordan
Interim Provost and Vice President Academic Affairs	Dr. R. Shayne Cofer
Vice President for Finance and Administration/Treasurer	Mr. Manish Kumar
Vice President for Student Affairs (02/21/21 to Present)	Dr. Terry Mena
Vice President for Institutional Advancement	Ms. Liesl Downey
General Counsel (09/20/21 to Present)	Mr. G. A. Finch
Executive Director for Finance and Administration (05/01/21 to Present)	Ms. Beni Ortiz
Director of Financial Affairs/Controller (06/12/22 to Present)	Ms. Jannica Quintana
Director of Internal Audit (7/31/2023 to Present)	Ms. Tony Jamison

BOARD OF TRUSTEES

Chair	Mr. Jose Rico
Vice Chair	Mr. Marvin Garcia
Secretary	Mr. J. Todd Phillips
Member	Ms. Betty Fleurimond
Member	Mr. Jorge Leon
Member	Ms. Ann Kalayil
Member	Ms. Paula Wolff
Member	Ms. Michelle Morales
Member	Vacant
Student Member	Ms. Shyrice Howel

UNIVERSITY OFFICE

The University's primary administrative office is located at:

5500 N. St. Louis Avenue
Chicago, Illinois 60625

MANAGEMENT ASSERTION LETTER

September 19, 2023

Pension Plan Auditors
FORVIS, LLP
225 North Water Street, Suite 400
Decatur, Illinois 62523

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 Northeastern Illinois University (University) and reporting their significant elements of census data and related employer and/or employee contributions within the State Universities 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 University's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the University has materially complied with the specified requirements listed below.

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System. The significant elements of census data of the System include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.
- C. 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, 2021, were completely and accurately reported by the University to CMS. The significant elements of census data of the Plan include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.
- D. The employee and employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Finance and Administration
5500 N. St. Louis Ave.
Chicago, IL 60625-4699
Phone (773) 442-5100

Yours truly,

Northeastern Illinois University

SIGNED ORIGINAL ON FILE

Dr. Katrina E. Bell Jordan, Interim

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Mr. Manish Kumar, Vice President for Finance and Administration/Treasurer

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Mr. G. A. Finch, General Counsel

State of Illinois
Northeastern Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

Summary

The examination of the Northeastern Illinois University census data was performed by FORVIS, LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Accountant's Reports

The Independent Accountant's Report 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	N/A
Prior recommendations implemented or not repeated	N/A	N/A

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Findings				
2022-001	49	2021	Inadequate internal controls over census data	Material Weakness and Noncompliance

Exit Conference

The University waived an exit conference in correspondence from Abby Murray, Executive Director of Human Resources, on September 7, 2023. The response to the recommendations was provided by Abby Murray, Executive Director of Human Resources, on September 14, 2023.

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, Northeastern Illinois University

Dr. Katrina Bell Jordan
President
State of Illinois, Northeastern Illinois University

External Auditors
State of Illinois, Northeastern Illinois University

Governing Board
State Universities Retirement System

Ms. Suzanne Mayer
Executive Director
State Universities Retirement System

Report on Compliance

As Special Assistant Auditors for the Auditor General of the State Universities Retirement System (System), we have examined compliance by management of the State of Illinois, Northeastern Illinois University (University) 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, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the State Employees' Group Insurance Program (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2021; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2022.

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

The specified requirements are:

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System.

The significant elements of census data of the System include each employee's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- C. The changes in significant elements of census data for employees required to be enrolled in the Plan occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the System to CMS through the System.

The significant elements of census data of the System include each member's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- D. The employee and/or employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, 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 University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University 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 University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during:

- 1) the census data accumulation year for the System ended June 30, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2021; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2022,

in all material respects. 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 2022-001.

The University's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The University'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 University 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 University's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2022-001, that we consider to be a material weakness.

The University's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The University'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

Decatur, Illinois
September 19, 2023

State of Illinois
Northeastern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data

The Northeastern Illinois University (University) did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or 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 valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the 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 University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing, we noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.

State of Illinois
Northeastern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

- During our cut-off testing of data transmitted by the University to SURS, we noted 1 instances of an active employee becoming inactive and 1 instances of an inactive employee becoming active were reported to SURS after the close of the fiscal year in which the event occurred. There was also 1 instance previously reported that still impacted the June 30, 2021 census data.

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2022.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;

State of Illinois
Northeastern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service’s substantial presence test and (2) became an employee on and after July 1, 1991.

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee’s total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, for CMS’ OPEB plan, we noted participation in OPEB is derivative of an employee’s eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

University officials indicated the base year reconciliation process was not established until Fiscal Year 2021, which is currently being performed by University staff. In addition, they indicated the late reported events were due to the difficulty in timely reporting events which occur near the end of the fiscal year to SURS. Finally, they indicated the one instructor was not reported to SURS due to oversight.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University’s financial statements, the financial statements of other employers within both plans, and the State of Illinois’ Annual Comprehensive Financial Report. Further, failure to report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2022-001, 2021-001)

State of Illinois
Northeastern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

RECOMMENDATION

We recommend the University continue to work with SURS to complete the base year reconciliation of Fiscal Year 2021 active members' census data from its underlying records to a report of census data submitted to SURS' actuary and CMS' actuary. After completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

Further, we recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

UNIVERSITY RESPONSE

NEIU agrees with the recommendation.

Northern Illinois University

**State of Illinois
Northern Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022**

UNIVERSITY OFFICIALS

President	Dr. Lisa C. Freeman
Executive Vice President and Provost (7/1/23-Present)	Laurie Elish-Piper
Executive Vice President and Provost (5/16/19-6/30/23)	Beth Ingram
Vice President for Administration and Finance and Chief Financial Officer (Interim) (1/16/23 – Present)	George Middlemist
Vice President for Administration and Finance and Chief Financial Officer (Interim) (5/2/22 – 12/15/22)	James Cofer
Vice President for Administration and Finance and Chief Financial Officer (Interim) (7/1/21 - 4/21/22)	Sarah Chinniah
Associate Vice President for Finance and Treasury	Shyree Sanan
Vice President for Research and Innovation Partnerships 8/1/23 – Present	Yvonne Harris
Vice President for Research and Innovation Partnerships 5/15/15-6/30/23	Gerald Blazey
Vice President and General Counsel	Bryan Perry
Vice President for Enrollment Management, Marketing and Communications	Sol Jensen
Vice President for Outreach, Engagement, and Regional Development	Rena Cotsones
Vice President for University Advancement	Catherine Squires
Director of Internal Audit	Danielle Schultz
Senior Associate Vice President and Chief Human (7/1/23 – Present)	John Arcado
Senior Associate Vice President and Chief Human (Interim) (2/26/23-6/30/23)	Liz Guess
Senior Associate Vice President and Chief Human (8/1/21-2/25/23)	Bill Hodson

BOARD OF TRUSTEES

Chair	Eric Wasowicz
Vice Chair	Rita Alhas
Secretary	Monel Gayles

State of Illinois
Northeastern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

Trustee	Dennis L. Barsema
Trustee	John R. Butler
Trustee	Veronica Herrero
Trustee	Vacant
Student Trustee	Tim Moore

UNIVERSITY OFFICE

The University's primary administrative office is located at:

300 Atgeld Hall
Dekalb, Illinois 60115



MANAGEMENT ASSERTION LETTER

September 19, 2023

Pension Plan Auditors
FORVIS, LLP
225 North Water Street, Suite 400
Decatur, Illinois 62523

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 Northern Illinois University (University) and reporting their significant elements of census data and related employer and/or employee contributions within the State Universities 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 University's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the University has materially complied with the specified requirements listed below.

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System. The significant elements of census data of the System include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.
- C. 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, 2021, were completely and accurately reported by the University to CMS. The significant elements of census data of the Plan include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.

D. The employee and employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Northern Illinois University

SIGNED ORIGINAL ON FILE

Dr. Lisa C. Freeman, President

SIGNED ORIGINAL ON FILE

George Middlemist, Vice President for Administration and Finance and Chief Financial Officer

SIGNED ORIGINAL ON FILE

Bryan Perry, Vice President and General Counsel

State of Illinois
Northern Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

Summary

The examination of the Northern Illinois University census data was performed by FORVIS, LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Accountant's Reports

The Independent Accountant's Report 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	N/A
Prior recommendations implemented or not repeated	N/A	N/A

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Findings				
2022-001	61	2021	Inadequate internal controls over census data	Significant Deficiency and Noncompliance

Exit Conference

The University waived an exit conference in correspondence from Shyree Sanan, AVP Finance and Treasury, on September 6, 2023. The response to the recommendations was provided by Miriah Ranken, Business Administrative Associate, in a correspondence dated September 15, 2023.

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, Northern Illinois University

Ms. Lisa C. Freeman
President
State of Illinois, Northern Illinois University

External Auditors
State of Illinois, Northern Illinois University

Governing Board
State Universities Retirement System

Ms. Suzanne Mayer
Executive Director
State Universities Retirement System

Report on Compliance

As Special Assistant Auditors for the Auditor General of the State Universities Retirement System (System), we have examined compliance by management of the State of Illinois, Northern Illinois University (University) 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, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the State Employees' Group Insurance Program (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2021; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2022.

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

The specified requirements are:

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System.

The significant elements of census data of the System include each employee's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- C. The changes in significant elements of census data for employees required to be enrolled in the Plan occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the System to CMS through the System.

The significant elements of census data of the System include each member's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- D. The employee and/or employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, 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 University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University 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 University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during:

- 1) the census data accumulation year for the System ended June 30, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2021; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2022,

in all material respects. 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 2022-001.

The University's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The University'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 University 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 University's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2022-001, that we consider to be a significant deficiency.

The University's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The University'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

Decatur, Illinois
September 19, 2023

State of Illinois
Northern Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data

The Northern Illinois University (University) did not have adequate internal control over reporting its census data to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or 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 valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the 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 University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing, we noted the following:

- During our cut-off testing of data transmitted by the University to SURS, we noted 13 instances of an active employee becoming inactive and 1 instance of an inactive employee becoming retired were reported to SURS after the close of the fiscal year in which the event occurred. There were also 2 instances previously reported that still impacted the June 30, 2021 census data.

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2022.

State of Illinois
Southern Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

University officials indicated the 14 exceptions occurred due to the employee separating from NIU at the end of the FY. The other two incidents are considered isolated events carried over from prior testing.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. (Finding Code No. 2022-001, 2021-001)

RECOMMENDATION

We recommend the University ensure all events occurring within a census data accumulation year are timely and accurately reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

UNIVERSITY RESPONSE

Accepted. The University currently has real time processes and procedures in place for processing certifications, changes, and terminations in the SURS and CMS systems. The University procedures for salaried employees is to complete an event after a vacation payout has been made to the employee. Vacation payouts are paid the pay period after an employee terminates. The University will prioritize status changes before the end of the FY when possible and will request consideration to add a 30-day grace period for processing changes following the end of the FY.

Southern Illinois University

State of Illinois
Southern Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

UNIVERSITY OFFICIALS

President	Dr. Daniel Mahony
Fiscal Officer	Duane Stucky
General Counsel	Lucas Crater
Executive Director, Internal Audit	Kimberly Labonte SIUC
Chancellor	Austin Lane
SIUE Chancellor (until 2/28/22)	Randall Pembrook
SIUE Chancellor (eff. 3/1/22)	James T. Minor

BOARD OFFICERS

Board Chair	J. Phil Gilbert
Board Vice Chair	Ed Hightower
Board Secretary (until 2/10/22)	Roger Tedrick
Board Secretary (eff. 2/10/22)	Subhash Sharma
Secretary to the Board (until 8/31/22)	Misty Whittington
Secretary to the Board (eff. 9/1/22)	Paula Keith

GOVERNING BOARD MEMBERS

Trustee	Edgar Curtis
Trustee (3/15/21 – 8/13/21)	Tonya Genovese
Trustee	J. Phil Gilbert
Trustee	Ed Hightower
Trustee (from 6/16/22)	Subhash Sharma
Trustee	Sarah Salger
Trustee	John Simmons
Student Trustee (7/1/21 to 6/30/22)	Shaylee Clinton
Student Trustee (7/1/21 to 6/30/22)	Madelyn Walters
Student Trustee (7/1/22 to present)	Dorcas Brou
Student Trustee (7/1/22 to present)	Hailee O'Dell

UNIVERSITY OFFICE

The University's primary administrative office is located at:

Southern Illinois University Carbondale
1263 Lincoln Dr.
Carbondale, Illinois 62901

Southern Illinois University Edwardsville
1 Hairpin Dr.
Edwardsville, Illinois 62025

SIU

Southern Illinois University System
ONE SYSTEM | MANY LOCATIONS | STATEWIDE IMPACT

MANAGEMENT ASSERTION LETTER

September 19, 2023

Pension Plan Auditors
FORVIS, LLP
225 North Water Street, Suite 400
Decatur, Illinois 62523

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 Southern Illinois University (University) and reporting their significant elements of census data and related employer and/or employee contributions within the State Universities 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 University's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the University has materially complied with the specified requirements listed below.

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System. The significant elements of census data of the System include each employee's:
 - a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- C. 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, 2021, were completely and accurately reported by the University to CMS. The significant elements of census data of the Plan include each employee's:
 - a. date of birth;
 - b. gender; and,

Office of the President
Stone Center Mail Code 6801 1400 Douglas Drive Carbondale, Illinois 62901
Phone: 618/536-3331 Fax: 618/536-3404

Carbondale Edwardsville Springfield Alton East St. Louis Graystake

c. earned service credit.

D. The employee and employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Southern Illinois University

SIGNED ORIGINAL ON FILE

Dr. Daniel Mahony, President

SIGNED ORIGINAL ON FILE

Duane Stucky, Fiscal Officer

SIGNED ORIGINAL ON FILE

Lucas Crater, General Counsel

State of Illinois
Southern Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

Summary

The examination of the Southern Illinois University census data was performed by FORVIS, LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Accountant's Reports

The Independent Accountant's Report 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	N/A
Prior recommendations implemented or not repeated	N/A	N/A

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Findings				
2022-001	70	2021	Inadequate internal controls over census data	Significant Deficiency and Noncompliance

Exit Conference

The University waived an exit conference in correspondence from Kimberly Labonte, Executive Director, Internal Audit on September 7, 2023. The response to the recommendation was provided by Kimberly Labonte, Executive Director, Internal Audit in a correspondence dated September 11, 2023.

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, Southern Illinois University

Mr. Daniel F. Mahony
President
State of Illinois, Southern Illinois University

External Auditors
State of Illinois, Southern Illinois University

Governing Board
State Universities Retirement System

Ms. Suzanne Mayer
Executive Director
State Universities Retirement System

Report on Compliance

As Special Assistant Auditors for the Auditor General of the State Universities Retirement System (System), we have examined compliance by management of the State of Illinois, Southern Illinois University (University) 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, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the State Employees' Group Insurance Program (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2021; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2022.

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

The specified requirements are:

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System.

The significant elements of census data of the System include each employee's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- C. The changes in significant elements of census data for employees required to be enrolled in the Plan occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the System to CMS through the System.

The significant elements of census data of the System include each member's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- D. The employee and/or employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, 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 University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University 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 University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during:

- 1) the census data accumulation year for the System ended June 30, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2021; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2022,

in all material respects. 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 2022-001.

The University's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The University'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 University 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 University's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2022-001, that we consider to be a significant deficiency.

The University's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The University'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

Decatur, Illinois
September 19, 2023

State of Illinois
Southern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data

The Southern Illinois University (University) did not have adequate internal control over reporting its census data to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or 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 valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the 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 University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing, we noted the following:

- During our cut-off testing of data transmitted by the University to SURS, we noted 1 instance of an active employee becoming deceased was reported to SURS after the close of the fiscal year in which the event occurred. There were also 5 instances previously reported that impacted the June 30, 2021 census data. The total impact to service credit was calculated at 29.50 years.
- During our previous testing of instructor eligibility testing, we noted 5 instructors were not reported as eligible to participate in SURS by the University. All of these instances have been previously reported, however still impacted the June 30, 2021 census data. SURS determined the total potential impact of these differences was the instructors' service credit was off by a combined 6.25 years.

State of Illinois
Southern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2022.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

State of Illinois
Southern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, for CMS' OPEB plan, we noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

University officials indicated the one current year exception is due to the difficulty in timely reporting events which occur near the end of the fiscal year to SURS.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. Further, failure to report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2022-001, 2021-001)

RECOMMENDATION

We recommend the University continue to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

Further, we recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

Finally, we recommend the University ensure all eligible employees are reported to SURS, along with any required employee and employer contributions.

State of Illinois
Southern Illinois University
Schedule of Findings
For the Year Ended June 30, 2022

2021-001. Finding – Inadequate Internal Controls over Census Data (Continued)

UNIVERSITY RESPONSE

SIU continues to reconcile utilizing the periodic reports provided by SURS via encrypted email against our records of related internal transactions. We are actively in the process of working with our IT teams to create automated comparative scripts to add automation and efficiency to the reconciliation process on an ongoing basis.

University of Illinois

**State of Illinois
University of Illinois
Compliance Examination of Census Data
For the Year Ended June 30, 2022**

UNIVERSITY OFFICIALS

President	Timothy L. Killeen
Chancellor and Vice President, University of Illinois – Urbana-Champaign	Robert J. Jones
Chancellor and Vice President, University of Illinois – Chicago	Michael D. Amiridis
Interim Chancellor and Vice President, University of Illinois – Springfield	Karen M. Whitney
Special Advisor to the President and Deputy Comptroller (through 5/31/22)	Michael B. Bass
Senior Assistant Vice President for Business and Finance and Controller	Brent Rasmus
Executive Director for University Audits	Julie A. Zemaitis

BOARD OF TRUSTEES

Ex Officio Member	Honorable J.B. Pritzker
Chair	Donald J. Edwards
Treasurer	Lester H. McKeever, Jr.
Vice President, Chief Financial Officer and Comptroller	Paul Ellinger
University Counsel	Thomas R. Bearrows
Secretary	Gregory J. Knott
Member	Ramón Cepeda
Member	Donald J. Edwards
Member	Joseph Gutman
Member	Patricia Brown Holmes
Member	Naomi Jakobsson
Member	Stuart C. King
Member	Sarah Phalen
Member	Tami Craig Schilling
Student Member – University of Illinois -Urbana-Champaign	Mariama Mwilambwe
Student Member – University of Illinois -Chicago	Lavleen Mal
Student Member – University of Illinois -Springfield	Austin Verthein



MANAGEMENT ASSERTION LETTER

September 19, 2023

Pension Plan Auditors
FORVIS, LLP
225 North Water Street, Suite 400
Decatur, Illinois 62523

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 University of Illinois (University) and reporting their significant elements of census data and related employer and/or employee contributions within the State Universities 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 University's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the University has materially complied with the specified requirements listed below.

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System. The significant elements of census data of the System include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.
- C. 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, 2021, were completely and accurately reported by the University to CMS. The significant elements of census data of the Plan include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.

D. The employee and employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

University of Illinois

SIGNED ORIGINAL ON FILE

Timothy L. Killeen, President

SIGNED ORIGINAL ON FILE

Paul Ellinger, Vice President, Chief Financial Officer and Comptroller

SIGNED ORIGINAL ON FILE

Thomas R. Bearrows, University Counsel

State of Illinois
University of Illinois
Compliance Examination of Census Data
For the Year Ended June 30, 2022

Summary

The examination of the University of Illinois census data was performed by FORVIS, LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Accountant's Reports

The Independent Accountant's Report 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	N/A
Prior recommendations implemented or not repeated	N/A	N/A

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Findings				
2022-001	81	2021	Inadequate Internal Controls over Census Data	Significant Deficiency and Noncompliance

Exit Conference

The University waived an exit conference in correspondence from Brent Rasmus, Controller and Assistant Vice President for Business and Finance, on September 8, 2023. The response to the recommendations was provided by Brent Rasmus, Controller and Assistant Vice President for Business and Finance, in a correspondence dated September 8, 2023.

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, University of Illinois

Mr. Timothy L. Killeen
President
State of Illinois, University of Illinois

External Auditors
State of Illinois, University of Illinois

Governing Board
State Universities Retirement System

Ms. Suzanne Mayer
Executive Director
State Universities Retirement System

Report on Compliance

As Special Assistant Auditors for the Auditor General of the State Universities Retirement System (System), we have examined compliance by management of the State of Illinois, University of Illinois (University) 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, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the State Employees' Group Insurance Program (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2021; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2022.

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

The specified requirements are:

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System.

The significant elements of census data of the System include each employee's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- C. The changes in significant elements of census data for employees required to be enrolled in the Plan occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the System to CMS through the System.

The significant elements of census data of the System include each member's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- D. The employee and/or employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, 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 University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University 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 University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during:

- 1) the census data accumulation year for the System ended June 30, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2021; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2022,

in all material respects. 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 2022-001.

The University's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The University'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 University 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 University's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2022-001, that we consider to be a significant deficiency.

The University's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The University'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

Decatur, Illinois
September 19, 2023

State of Illinois
University of Illinois
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data

The University of Illinois (University) did not have adequate internal control over reporting its census data to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or 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 valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the 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 University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing, we noted the following:

- During our cut-off testing of data transmitted by the University to SURS, we noted 2 instances of an active employee becoming inactive were reported to SURS after the close of the fiscal year in which the event occurred. There were also 15 instances previously reported that impacted the June 30, 2021 census data. The total impact on service credit was a difference of 55.75 years.
- During our testing of instructor eligibility testing, we noted 1 instructor was not reported as eligible to participate in SURS by the University. There were also 11 instances that have been previously reported, however still impacted the June 30, 2021 census data. SURS determined the total potential impact of these differences was the instructors' service credit was off by a combined 32.50 years.

State of Illinois
University of Illinois
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2022.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

State of Illinois
University of Illinois
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, for CMS' OPEB plan, we noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

University officials indicated transactions impacting this census data accumulation period were not reported in a timely manner because of coding issues used in certain automated processes, and significant workload at the unit level, and the impact of processing leave associated with the COVID-19 pandemic.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. Further, failure to report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2022-001, 2021-001)

RECOMMENDATION

We recommend the University continue to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

Further, we recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

Finally, we recommend the University ensure all eligible employees are reported to SURS, along with any required employee and employer contributions.

State of Illinois
University of Illinois
Schedule of Findings
For the Year Ended June 30, 2022

2022-001. Finding – Inadequate Internal Controls over Census Data (Continued)

UNIVERSITY RESPONSE

Accepted. With 71,000 employees, the University has numerous electronic and manual controls in place to ensure that employees who are eligible for SURS and OPEB are identified correctly. The University also has numerous controls over census data for the University's 31,000 employees eligible for SURS and OPEB benefits.

However, the University acknowledges its controls over census data did not always ensure timely reporting of employee events to SURS. Controls for determining pension and OPEB eligibility did not always operate as intended. In addition, the unprecedented nature of the COVID-19 pandemic significantly impacted the timeliness and volume of leave processing.

The University has completed its review of the fiscal year 2022 incremental census data and promptly notified SURS of the changes. The University will continue to enhance controls to improve the timeliness of reporting certain employee events impacting pension and OPEB census data and will strengthen processes for determining pension and OPEB eligibility.

Western Illinois University

State of Illinois
Western Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

UNIVERSITY OFFICIALS

President	Dr. Guiyou Huang
Provost and Academic Vice President (7/01/22 – Present)	Dr. Manoochehr Zoghi
Provost and Academic Vice President, Interim (7/01/21 – 6/30/22)	Mr. William Clow
Vice President for Student Success, Interim (08/01/22 to Present)	Mr. John Smith
Vice President for Student Success (7/01/21 to 7/31/22)	Dr. David Braverman
Vice President for Finance and Administration (7/01/23 – Present)	Mr. Paul Edwards
Vice President for Finance and Administration*, Interim (7/01/21 – 6/30/23)	Ms. Shannon Sutton
Vice President of Enrollment Management** (8/01/21 – 6/30/23)	Dr. Amber Evans
Vice President for Quad Cities Campus Operations (2/01/22 – Present)	Dr. Kristi Mindrup
Interim Administrator in Charge, Quad Cities Campus (7/01/21 – 1/31/22)	Dr. Kristi Mindrup
Executive Director of Financial Affairs	Ms. Ketra Roselieb
Director of Internal Auditing (1/09/23 – Present)	Ms. Rita Moore
Director of Internal Auditing (7/01/21 – 12/17/22)	Mr. Michael Sowinski
General Counsel (9/16/23 – Present)	Ms. Victoria R Smith
General Counsel (7/01/21 – 9/15/23)	Ms. Elizabeth Duvall

*Position renamed Vice President for Finance and Administration on 07/01/2021

**Position renamed Vice President of Enrollment Management on 08/01/2021

Division of Enrollment Management was discontinued as of 6/30/23

**State of Illinois
Western Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022**

BOARD OF TRUSTEES

Chair	Doug Shaw, Peoria
Vice Chair	Erik Dolieslager, Quincy
Secretary	Kisha M.J. Lang, Maywood
Member	Polly Radosh, Good Hope
Member	Greg Aguilar, East Moline
Member	Carin Stutz, Chicago
Member	Patrick M. Twomey, Macomb
Student Member	Kinsey Tiemann, LaGrange

UNIVERSITY OFFICES

The University's offices are located at:

Macomb Campus
1 University Circle
Macomb, Illinois 61455-1390

Quad Cities Campus
3300 River Drive
Moline, Illinois 61265-588

MANAGEMENT ASSERTION LETTER

September 19, 2023

Pension Plan Auditors
FORVIS, LLP
225 North Water Street, Suite 400
Decatur, Illinois 62523

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 Western Illinois University (University) and reporting their significant elements of census data and related employer and/or employee contributions within the State Universities 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 University's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the University has materially complied with the specified requirements listed below.

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System. The significant elements of census data of the System include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.
- C. 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, 2021, were completely and accurately reported by the University to CMS. The significant elements of census data of the Plan include each employee's:
 - date of birth;
 - gender; and,
 - earned service credit.

D. The employee and employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Western Illinois University

SIGNED ORIGINAL ON FILE

Dr. Guiyou Huang, President

SIGNED ORIGINAL ON FILE

Mr. Paul Edwards, Vice President for Finance and Administration

SIGNED ORIGINAL ON FILE

Ms. Victoria R. Smith, General Counsel

State of Illinois
Western Illinois University
Compliance Examination of Census Data
For the Year Ended June 30, 2022

Summary

The examination of the Western Illinois University census data was performed by FORVIS, LLP and was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Accountant's Reports

The Independent Accountant's Report does not contain scope limitations, disclaimers, or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report
Findings	None	1
Repeated findings	None	N/A
Prior recommendations implemented or not repeated	1	N/A

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
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Prior Findings Not Repeated

A	93	2021	Inadequate Internal Controls over Census Data	
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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, Western Illinois University

Dr. Guiyou Huang
President
State of Illinois, Western Illinois University

External Auditors
State of Illinois, Western Illinois University

Governing Board
State Universities Retirement System

Ms. Suzanne Mayer
Executive Director
State Universities Retirement System

Report on Compliance

As Special Assistant Auditors for the Auditor General of the State Universities Retirement System (System), we have examined compliance by management of the State of Illinois, Western Illinois University (University) 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, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the State Employees' Group Insurance Program (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2021; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2022.

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

The specified requirements are:

- A. All of the University'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, 2021.
- 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, 2021, were completely and accurately reported by the University to the System.

The significant elements of census data of the System include each employee's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- C. The changes in significant elements of census data for employees required to be enrolled in the Plan occurring during the census data accumulation year ended June 30, 2021, were completely and accurately reported by the System to CMS through the System.

The significant elements of census data of the System include each member's:

- a. date of birth;
 - b. gender; and,
 - c. earned service credit.
- D. The employee and/or employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2022, 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 University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University 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 University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during:

- 1) the census data accumulation year for the System ended June 30, 2021;
- 2) the proportionate share allocation year for the System ended June 30, 2022;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2021; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2022,

in all material respects.

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

Decatur, Illinois
September 19, 2023

State of Illinois
Western Illinois University
Schedule of Prior Findings Not Repeated
For the Year Ended June 30, 2022

A. Finding – Inadequate Internal Controls over Census Data

During the prior examination, Western Illinois University (University) did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate. (Finding Code No. 2021-001)

During the current examination, the reconciliation was prepared and no other exceptions were noted in relation to the June 30, 2021 census data.