

**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, 2021  
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, 2021**

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**State Universities Retirement System**  
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**State Universities Retirement System**  
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**Chicago State University**

**State of Illinois**  
**Chicago State University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**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
Interim General Counsel, Chief Compliance Officer & V.P. of Legal Affairs (07/01/21 – 06/30/22)	Mr. Walter Pryor
CFO & V.P. of Financial Operations	Mr. Craig Duetsch
Executive Director/Controller	Ms. Rona Lagdamen, CPA
Chief Internal Auditor (06/20/22 – Present)	Ms. Natalie Covello
Chief Internal Auditor (07/01/21 – 06/17/22)	Ms. Natalie Covello

**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

October 11, 2022

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) 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, 2020.
- 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, 2020, 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, 2020, 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, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Chicago State University

**SIGNED ORIGINAL ON FILE**

Zaldwaynaka "Z" Scott, Esq., President

**SIGNED ORIGINAL ON FILE**

Rona Lagdamen, CPA, Executive Director/Controller

**SIGNED ORIGINAL ON FILE**

Jason Carter, Esq., General Counsel, Chief Compliance Officer & VP of Legal



**State of Illinois**  
**Chicago State University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**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**

<b>Number of</b>	<b>Current Report</b>	<b>Prior Report*</b>
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

\*This is the first compliance examination over census data. Therefore, there were no prior findings.

**Schedule of Findings**

<b>Item No.</b>	<b>Page</b>	<b>Last/First Reported</b>	<b>Description</b>	<b>Finding Type</b>
<b>Findings</b>				
2021-001	8	2021	Inadequate internal controls over census data	Material Weakness and Noncompliance

**Exit Conference**

The University waived an exit conference in correspondence from Natalie Covello, Chief Internal Auditor on September 8, 2022. The response to the recommendations was provided by Natalie Covello, Chief Internal Auditor, in a correspondence dated September 8, 2022.

## 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

### 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 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, 2020; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2021.

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, 2020.
- 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, 2020, 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, 2020, 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, 2021, 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2020; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2021,

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 2021-001.

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.

### **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 2021-001, that we consider to be a material weakness.

The University's responses 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  
October 11, 2022

**State of Illinois**  
**Chicago State University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. Finding – Inadequate Internal Controls over Census Data**

The Chicago State 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 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 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**  
**Chicago State University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

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

- During our cut-off testing of data transmitted by the University to SURS, we noted 16 instances of an active employee becoming inactive were reported to SURS after the close of the fiscal year in which the event occurred.

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 2021.

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 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. (Finding Code No. 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.

**State of Illinois**  
**Chicago State University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

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

**UNIVERSITY RESPONSE**

The University agrees with the recommendation. The University has been working with SURS to develop a reconciliation process. Documentation and cross-training has also begun to improve processes, minimize errors, and provide a system of secondary review.

**Eastern Illinois University**



**State of Illinois**  
**Eastern Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**UNIVERSITY OFFICIALS**

President	Dr. David M. Glassman
Provost and Vice President for Academic Affairs	Dr. Jay D. Gattrell
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	Mr. Kenneth A. Wetstein
Director of Business Services and Treasurer	Mr. Paul A. McCann
General Counsel	Ms. Laura McLaughlin
Director of Internal Auditing (4/4/22 - Present)	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**

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

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## MANAGEMENT ASSERTION LETTER

October 11, 2022

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) 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, 2020.
- 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, 2020, 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, 2020,

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, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Eastern Illinois University

**SIGNED ORIGINAL ON FILE**

*Typed Name*, Chief Executive Officer

**SIGNED ORIGINAL ON FILE**

*Typed Name*, Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

*Typed Name*, General Counsel

**State of Illinois**  
**Eastern Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**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**

<b>Number of</b>	<b>Current Report</b>	<b>Prior Report*</b>
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

\*This is the first compliance examination over census data. Therefore, there were no prior findings.

**Schedule of Findings**

<b>Item No.</b>	<b>Page</b>	<b>Last/First Reported</b>	<b>Description</b>	<b>Finding Type</b>
<b>Findings</b>				
2021-001	18	2021	Inadequate internal controls over census data	Material Weakness and Noncompliance

**Exit Conference**

The University waived an exit conference in correspondence from Paul McCann, Director of Business Services and Treasurer on October 10, 2022. The response to the recommendations was provided by Paul McCann, Director of Business Services and Treasurer in a correspondence dated October 10, 2022.

## 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

Mr. David M. Glassman  
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

### 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 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, 2020; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2021.

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, 2020.
- 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, 2020, 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, 2020, 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, 2021, 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2020; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2021,

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 2021-001.

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.

### **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 2021-001, that we consider to be a material weakness.

The University's responses 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  
October 11, 2022

**State of Illinois**  
**Eastern Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. 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 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 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, 2021**

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

- During our cut-off testing of data transmitted by the University to SURS, we noted 25 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 11 instances previously reported that impacted the June 30, 2020 census data.
- During our testing of instructor eligibility testing, we noted 20 of 480 instructors tested was not reported as eligible to participate in SURS by the University. SURS determined the total potential impact of this error was the instructor's service credit was off by  $\frac{3}{4}$  of a year.

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 2021.

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;

**State of Illinois**  
**Eastern Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

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

- 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 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. 2021-001)

**State of Illinois**  
**Eastern Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. 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.

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, 2021**

**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 (7/1/20 to 10/15/21)	Dr. W. Paul Bylaska
General Counsel and Vice President (11/16/20 to Present)	Ms. Therese Nohos
General Counsel and Vice President (7/1/20 to 11/15/20)	Vacant
Chief Internal Auditor	Mr. Kristoffer Evangelista, CPA
Associate Vice President for Finance	Ms. Villalyn Baluga, CPA
Vice President of Human Resources (7/1/22 – Present)	Joshua R. Allen, MPS, SHRM-SCP
Associate Vice President of Human Resources (10/18/21 to 6/30/22)	Joshua R. Allen, MPS, SHRM-SCP

**OFFICERS OF THE UNIVERSITY BOARD OF TRUSTEES**

Chairman (effective 8/5/22)	Ms. Angela Sebastian
Chairman (until 8/5/22)	Ms. Lisa Harrell
Vice Chairman	Mr. Kevin Brookins
Secretary	Mr. James Kvedaras

**UNIVERSITY BOARD OF TRUSTEES**

Trustee	Mr. Pedro Cevallos-Candau
Trustee	Mr. Kevin Brookins
Trustee	Mr. John Brudnak
Trustee	Ms. Lisa Harrell
Trustee	Ms. Angela Sebastian
Trustee	Mr. James Kvedaras
Trustee	Mr. Anibal Taboas
Student Trustee (term ended 6/30/22)	Ms. Jeanine Latrice Koger
Student Trustee (Effective 7/1/22)	Lluvia Hernandez-Aguirre

**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

October 11, 2022

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, 2020.
- 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, 2020, 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, 2020, 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, 2021, 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, 2021**

**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**

<b>Number of</b>	<b>Current Report</b>	<b>Prior Report*</b>
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

\*This is the first compliance examination over census data. Therefore, there were no prior findings.

**Schedule of Findings**

<b>Item No.</b>	<b>Page</b>	<b>Last/First Reported</b>	<b>Description</b>	<b>Finding Type</b>
<b>Findings</b>				
2021-001	29	2021	Inadequate internal controls over census data	Material Weakness and Noncompliance

**Exit Conference**

The University waived an exit conference in correspondence from Villalyn Baluga, Associate Vice President for Finance on September 28, 2022. The response to the recommendations was provided by Villalyn Baluga, Associate Vice President for Finance in a correspondence dated September 27, 2022.



## 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

### 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 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, 2020; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2021.

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, 2020.
- 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, 2020, 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, 2020, 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, 2021, 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2020; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2021,

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 2021-001.

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.

### **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 2021-001, that we consider to be a material weakness.

The University's responses 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  
October 11, 2022

**State of Illinois**  
**Governors State University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**2021-001. Finding – Inadequate Internal Controls over Census Data**

The Governors State 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 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 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**  
**Governors State University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

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

- During our cut-off testing of data transmitted by the University to SURS, we noted 24 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.

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 2021.

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 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.

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. 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.

**State of Illinois**  
**Governors State University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

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

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. University staff personnel has received a reconciliation training under the guidance of SURS, and a reconciliation process has been established beginning with the Fiscal Year 2021 census data. The University has completed its Fiscal Year 2021 reconciliation; has submitted the reconciliation via the SURS encrypted file submission program; and has provided the related SURS reconciliation certification confirming the University's compliance in a timely manner. In addition, the University has established procedures to ensure census data events are reported to SURS timely and accurately.

**Illinois State University**

**State of Illinois**  
**Illinois State University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**UNIVERSITY OFFICIALS**

President (07/01/21 – present)	Dr. Terri Goss Kinzy
President (07/01/20 – 06/30/21)	Dr. Larry Dietz
Vice President for Finance and Planning	Mr. Dan Stephens
Vice President for Academic Affairs and Provost	Dr. Andover Tarhule
Vice President for Student Affairs	Dr. Levester Johnson
Vice President for University Advancement	Mr. Pat Vickerman
Comptroller	Mr. Doug Schnittker
Legal Counsel (6/1/22 to present)	Ms. Jeannie Barrett
Legal Counsel (through 5/1/22)	Ms. Lisa Huson
Director – Internal Audit	Mr. Robert Blemler

**BOARD OF TRUSTEES**

Chair of the Board (07/01/21 – present)	Dr. Mary Ann Louderback
Chair of the Board (through 06/30/21)	Ms. Julie Annette Jones
Secretary of the Board (07/01/21 – present)	Dr. Kathryn Bohn
Secretary of the Board (Through 06/30/21)	Dr. Mary Ann Louderback
Member	Ms. Kathryn Bohn
Member	Mr. Robert Dobski
Member (former through June 2022)	Mr. Rocky Donahue
Member	Ms. Julie Annette Jones
Member	Dr. Mary Ann Louderback
Member	Dr. Robert Navarro
Member (August 2022)	Mr. Anthony Byrd
Student Member (through 06/30/22)	Ms. Devin Paoni
Student Member (through 06/30/21)	Ms. Jada Turner
Student Member (current)	Vacant

**UNIVERSITY OFFICE**

The University's primary administrative office is located at:

Hovey Hall  
Campus Box 1100  
Normal, Illinois 61790-1100





MANAGEMENT ASSERTION LETTER

October 11, 2022

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) 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, 2020.
- 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, 2020, 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, 2020, 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, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Illinois State University

**SIGNED ORIGINAL ON FILE**

Dr. Terri Goss Kinzy, Chief Executive Officer

**SIGNED ORIGINAL ON FILE**

Dan Stephens, Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

Jeannie Barrett, General Counsel

**State of Illinois**  
**Illinois State University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**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**

<b>Number of</b>	<b>Current Report</b>	<b>Prior Report*</b>
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

\*This is the first compliance examination over census data. Therefore, there were no prior findings.

**Schedule of Findings**

<b>Item No.</b>	<b>Page</b>	<b>Last/First Reported</b>	<b>Description</b>	<b>Finding Type</b>
<b>Findings</b>				
2021-001	39	2021	Inadequate internal controls over census data	Material Weakness and Noncompliance

**Exit Conference**

The University waived an exit conference in correspondence from Derek Story, Human Resources, on September 15, 2022. The response to the recommendations was provided by Derek Story, Human Resources, in a correspondence dated August 30, 2022.

## 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. Terri Goss Kinzy  
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

### 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 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, 2020; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2021.

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, 2020.
- 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, 2020, 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, 2020, 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, 2021, 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2020; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2021,

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 2021-001.

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.

### **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 2021-001, that we consider to be a material weakness.

The University's responses 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  
October 11, 2022

**State of Illinois**  
**Illinois State University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. Finding – Inadequate Internal Controls over Census Data**

The Illinois State 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 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 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**  
**Illinois State University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

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

- During our cut-off testing of data transmitted by the University to SURS, we noted 41 instances of an active employee becoming inactive or part-time and 1 instance of an active employee becoming deceased, and 2 instances of an inactive employee being 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 impacted the June 30, 2020 census data.
- During our testing of instructor eligibility testing, we noted 1 of 1,393 instructors tested was not reported as eligible to participate in SURS by the University. SURS determined the total potential impact of this error was the instructor's service credit was off by 1 year.

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 2021.

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 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.

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. 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



**State of Illinois**  
**Illinois State University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

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

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 SURS Census Reconciliation base year audit has been completed by ISU in April 2022 and is awaiting review by SURS auditors. 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, 2021**

**UNIVERSITY OFFICIALS**

President	Dr. Gloria Gibson
Interim Provost and Vice President Academic Affairs	Dr. Andrea Evans
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 Quantana
Director of Internal Audit	Ms. Rita Moore

**BOARD OF TRUSTEES**

Chair	Mr. Jim Palos
Vice Chair	Ms. Sherry Eagle
Secretary	Mr. Jonathan Stein
Member	Mr. Carlos Azcoitia
Member	Mr. Marvin Garcia
Member	Ms. Ann Kalayil
Member	Mr. Charles Serrano
Member	Vacant
Member	Vacant
Student Member	Ms. Shyrice Howel
Student Member	
Student Member	

**UNIVERSITY OFFICE**

The University's primary administrative office is located at:

5500 N. St. Louis Avenue  
Chicago, Illinois 60625

MANAGEMENT ASSERTION LETTER

October 11, 2022

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) 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, 2020.
- 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, 2020, 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, 2020, 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, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Northeastern Illinois University

Gloria J. Gibson **SIGNED ORIGINAL ON FILE**  
*Typed Name, Chief Executive Officer*

Manish Kumar **SIGNED ORIGINAL ON FILE**  
*Typed Name, Chief Fiscal Officer*

G. A. Finch **SIGNED ORIGINAL ON FILE**  
*Typed Name, General Counsel*

**State of Illinois**  
**Northeastern Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**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**

<b>Number of</b>	<b>Current Report</b>	<b>Prior Report*</b>
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

\*This is the first compliance examination over census data. Therefore, there were no prior findings.

**Schedule of Findings**

<b>Item No.</b>	<b>Page</b>	<b>Last/First Reported</b>	<b>Description</b>	<b>Finding Type</b>
<b>Findings</b>				
2021-001	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 13, 2022. The response to the recommendations was provided by Abby Murray, Executive Director of Human Resources, on August 31, 2022.

## 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

Ms. Gloria J. Gibson  
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

### 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 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, 2020; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2021.

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, 2020.
- 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, 2020, 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, 2020, 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, 2021, 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2020; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2021,

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 2021-001.



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.

### **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 2021-001, that we consider to be a material weakness.

The University's responses 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  
October 11, 2022

**State of Illinois**  
**Northeastern Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. 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 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 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, 2021**

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

- During our cut-off testing of data transmitted by the University to SURS, we noted 24 instances of an active employee becoming inactive and 2 instances of an active employee becoming retired were reported to SURS after the close of the fiscal year in which the event occurred. There was also 1 instance previously reported that impacted the June 30, 2020 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 2021.

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, 2021**

**2021-001. 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. 2021-001)

**State of Illinois**  
**Northeastern Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. 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.

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

**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, 2021**

**UNIVERSITY OFFICIALS**

President	Dr. Lisa C. Freeman
Executive Vice President and Provost	Beth Ingram
Vice President for Administration and Finance and Chief Financial Officer (Interim) (5/2/22 – Present)	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	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	Bill Hodson

**BOARD OF TRUSTEES**

Chair	Eric Wasowicz
Vice Chair	Rita Alhas
Secretary	Monel Gayles
Trustee	Dennis L. Barsema
Trustee	John R. Butler
Trustee	Veronica Herrero
Trustee	Robert W. Pritchard
Student Trustee	Tim Moore

**UNIVERSITY OFFICE**

The University's primary administrative office is located at:

300 Atgeld Hall  
Dekalb, Illinois 60115



MANAGEMENT ASSERTION LETTER

October 11, 2022

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) 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, 2020.
- 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, 2020, 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, 2020, 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.

**Your Future. Our Focus.**



- D. The employee and employer contributions remitted by the University to the System during the proportionate share allocation year ended June 30, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Northern Illinois University

**SIGNED ORIGINAL ON FILE**

*Lisa C. Freeman*, Chief Executive Officer

**SIGNED ORIGINAL ON FILE**

*Beth Ingram*, Executive Vice President & Provost

**SIGNED ORIGINAL ON FILE**

*Bryan Perry*, General Counsel

Your Future. Our Focus.

**State of Illinois**  
**Northern Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**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**

<b>Number of</b>	<b>Current Report</b>	<b>Prior Report*</b>
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

\*This is the first compliance examination over census data. Therefore, there were no prior findings.

**Schedule of Findings**

<b>Item No.</b>	<b>Page</b>	<b>Last/First Reported</b>	<b>Description</b>	<b>Finding Type</b>
<b>Findings</b>				
2021-001	60	2021	Inadequate internal controls over census data	Material Weakness and Noncompliance

**Exit Conference**

The University waived an exit conference in correspondence from Jason Askin, Controller, on September 16, 2022. The response to the recommendations was provided by Miriah Ranken, Business Administrative Associate, in a correspondence dated September 8, 2022.

## 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. Lise 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

### 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 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, 2020; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2021.

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, 2020.
- 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, 2020, 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, 2020, 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, 2021, 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2020; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2021,

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 2021-001.

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.

### **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 2021-001, that we consider to be a material weakness.

The University's responses 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  
October 11, 2022

**State of Illinois**  
**Northern Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**2021-001. Finding – Inadequate Internal Controls over Census Data**

The Northern 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 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 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**  
**Northern Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

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

- During our cut-off testing of data transmitted by the University to SURS, we noted 31 instances of an active employee becoming inactive and 1 instance of an active employee becoming retired were reported to SURS after the close of the fiscal year in which the event occurred.
  
- During detail testing, we noted 1 of 30 (3%) members tested had their birth date reported to SURS incorrectly, which was off by 10 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 2021.

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 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 a staffing shortage during its year-end peak time. Finally, they indicated the incorrect birth date appeared to be an isolated data entry error.

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. 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

**State of Illinois**  
**Northern Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

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

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 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 has established a corrective action plan to address the audit recommendation and has prioritized its full implementation during the current fiscal year.



**Southern Illinois University**

**State of Illinois**  
**Southern Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**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	Misty Whittington

**GOVERNING BOARD MEMBERS**

Trustee	Edgar Curtis
Trustee	J. Phil Gilbert
Trustee	Ed Hightower
Trustee	Subhash Sharma
Trustee (from 6/16/22)	Sarah Salger
Trustee	John Simmons
Trustee	Roger Tedrick
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



**Southern Illinois University System**  
ONE SYSTEM | MANY LOCATIONS | STATEWIDE IMPACT  
MANAGEMENT ASSERTION LETTER

October 11, 2022

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) 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, 2020.
- 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, 2020, 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, 2020, 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, 2021. were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Southern Illinois University

**SIGNED ORIGINAL ON FILE**

Dr. Daniel F. Mahony  
Southern Illinois University System President

**SIGNED ORIGINAL ON FILE**

Dr. Duane Stucky  
Senior VP for Financial and  
Administrative Affairs

**SIGNED ORIGINAL ON FILE**

Mr. Lucas D. Crater  
General Counsel

**State of Illinois**  
**Southern Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**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**

<b>Number of</b>	<b>Current Report</b>	<b>Prior Report*</b>
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

\*This is the first compliance examination over census data. Therefore, there were no prior findings.

**Schedule of Findings**

<b>Item No.</b>	<b>Page</b>	<b>Last/First Reported</b>	<b>Description</b>	<b>Finding Type</b>
<b>Findings</b>				
2021-001	70	2021	Inadequate internal controls over census data	Material Weakness and Noncompliance

**Exit Conference**

The University waived an exit conference in correspondence from Kimberly Labonte, Executive Director, Internal Audit on September 30, 2022. The response to the recommendations was provided by Kimberly Labonte, Executive Director, Internal Audit in a correspondence dated September 30, 2022.

## 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

### 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 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, 2020; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2021.

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, 2020.
- 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, 2020, 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, 2020, 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, 2021, 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2020; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2021,

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 2021-001.

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.

### **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 2021-001, that we consider to be a material weakness.

The University's responses 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  
October 11, 2022



**State of Illinois**  
**Southern Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. Finding – Inadequate Internal Controls over Census Data**

The Southern 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 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 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**  
**Southern Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

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

- During our cut-off testing of data transmitted by the University to SURS, we noted 117 instances of an active employee becoming inactive or part-time, 2 instances of an inactive employee becoming active, 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 impacted the June 30, 2020 census data.
- During our testing of instructor eligibility testing, we noted 3 of 2,007 instructors tested was not reported as eligible to participate in SURS by the University. SURS determined the total potential impact of this error was each instructor's service credit was off between  $\frac{3}{4}$  of a year to 1 year. There were also 10 instances previously reported that impacted the June 30, 2020 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 2021.

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**  
**Southern Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. 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 the difficulty in timely reporting events which occur near the end of the fiscal year to SURS. Finally, they indicated the three instructors were 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. 2021-001)

**State of Illinois**  
**Southern Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. 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.

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

**UNIVERSITY RESPONSE**

We agree. SIU Carbondale and SIU Edwardsville have processes and procedures in place for processing certifications, changes, and terminations in the SURS and CMS systems as contracts are received from departments. However, the University had not completed a base year reconciliation of the census data with SURS and CMS during the fiscal year.

SIUC is in the final stages of completing the base year reconciliation. This is expected to be completed by September 30, 2022. SIUE has completed the demographic portion of the base year reconciliation and is currently working through the salary and eligibility differences. It is estimated the base year reconciliation will be fully completed during November 2022. Both campuses continue to work to automate the process.

**University of Illinois**

**State of Illinois  
University of Illinois  
Compliance Examination of Census Data  
For the Year Ended June 30, 2021**

**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	Michael B. Bass
Controller and Assistant Vice President for Business and Finance	Brent Rasmus
Executive Director for University Audits	Julie Zemaitis

**BOARD OF TRUSTEES**

Ex Officio Member	Honorable J.B. Pritzker
Chair	Donald J. Edwards
Treasurer	Lester H. McKeever, Jr.
Chief Financial Officer and Comptroller	Avijit Ghosh
University Counsel	Thomas R. Bearrows
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Member	Ricardo Estrada
Member	Patricia Brown Holmes
Member	Naomi Jakobsson
Member	Stuart C. King
Member	Sarah Phalen
Student Member – University of Illinois -Urbana-Champaign	Mariama Mwilambwe
Student Member – University of Illinois -Chicago	Layleen Mal
Student Member – University of Illinois -Springfield	Austin Verthein



# UNIVERSITY OF ILLINOIS SYSTEM

Office of the Vice President, Chief Financial Officer and Comptroller

October 11, 2022

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) 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, 2020.
- 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, 2020, 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, 2020, 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,
  - 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, 2021, 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 N. Ellinger  
Vice President, Chief Fiscal 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, 2021**

**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**

<b>Number of</b>	<b>Current Report</b>	<b>Prior Report*</b>
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

\*This is the first compliance examination over census data. Therefore, there were no prior findings.

**Schedule of Findings**

<b>Item No.</b>	<b>Page</b>	<b>Last/First Reported</b>	<b>Description</b>	<b>Finding Type</b>
<b>Findings</b>				
2021-001	81	2021	Inadequate Internal Controls over Census Data	Material Weakness 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 20, 2022. The response to the recommendations was provided by Brent Rasmus, Controller and Assistant Vice President for Business and Finance, in a correspondence dated September 20, 2022.

## 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

### 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 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, 2020; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2021.

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, 2020.
- 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, 2020, 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, 2020, 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, 2021, 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2020; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2021,

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 2021-001.

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.

### **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 2021-001, that we consider to be a material weakness.

The University's responses 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  
October 11, 2022

**State of Illinois**  
**University of Illinois**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. Finding – Inadequate Internal Controls over Census Data**

The University of Illinois (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 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 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**  
**University of Illinois**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

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

- During our cut-off testing of data transmitted by the University to SURS, we noted 126 instances of an active employee becoming inactive, 3 instances of an inactive employee becoming retired, 3 instances of an inactive employee becoming active, 2 instances of an active employee becoming retired, and 2 instances of a change in service credit were reported to SURS after the close of the fiscal year in which the event occurred. SURS determined the potential impact of each change in service credit was off between  $\frac{1}{4}$  of a year to  $2\frac{1}{4}$  year. There were also 10 instances previously reported that impacted the June 30, 2020 census data.
- We noted 5 employees were not reported as eligible to participate in SURS by the University until Fiscal Year 2021. SURS determined the total potential impact of this error was each employee's service credit was off between  $\frac{3}{4}$  of a year to  $1\frac{3}{4}$  year.

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 2021.

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**  
**University of Illinois**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. 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 by SURS until Fiscal Year 2021, which was completed by the University in July 2022. Transactions impacting this census data accumulation period were not reported in a timely manner because of coding issues used in certain automated processes, 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. 2021-001)

**State of Illinois**  
**University of Illinois**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. 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.

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

**UNIVERSITY RESPONSE**

Accepted. With 69,000 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 30,000 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 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. The University has worked with SURS to complete its initial 2021 census data reconciliation and is eager to work with SURS to develop the annual reconciliation process for incremental census data changes.



**Western Illinois University**

**State of Illinois**  
**Western Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**UNIVERSITY OFFICIALS**

President (01/01/21 – Present)	Dr. Guiyou Huang
President, Interim (07/01/20 – 12/31/20)	Dr. Martin Abraham
Provost and Academic Vice President (07/01/22 – Present)	Dr. Manoocheher Zoghi
Provost and Academic Vice President, Interim (07/01/21 – 6/30/22)	Mr. William Clow
Provost and Academic Vice President (01/01/21 – 06/30/21)	Dr. Martin Abraham
Provost and Academic Vice President, Interim (07/01/20 – 12/31/20)	Mr. William Clow
Vice President for Student Success, Interim (08/01/22 to Present)	Mr. John Smith
Vice President for Student Success (07/01/21 to 7/31/22)	Dr. David Braverman
Vice President for Student Services, Interim (07/01/20 – 06/30/21)	Mr. John Smith
Vice President for Finance and Administration, Interim (07/01/21 – Present)	Ms. Shannon Sutton
Associate Vice President for Budget and Finance*, Interim (09/08/20 – 06/30/21)	Dr. Teresa Smith
Associate Vice President for Budget and Finance*, Acting (08/01/20 – 09/07/20)	Ms. Shannon Sutton
Associate Vice President for Budget and Finance* (07/01/20 – 07/31/20)	Ms. Letisha Trepac
Vice President of Enrollment Management (08/01/21 – Present)	Dr. Amber Schultz
Associate Vice President of Enrollment Management** (07/01/20 – 08/06/21)	Mr. Gary Swegan
Vice President for Quad City Operation (02/01/22 – Present)	Dr. Kristi Mindrup
Interim Administrator in Charge, Quad Cities Campus (07/01/20 – 01/31/22)	Dr. Kristi Mindrup
Executive Director of Financial Affairs (07/01/21 – Present)	Ms. Ketra Roselieb
Executive Director of Personnel and Financial Affairs***(01/01/20 – 06/30/21)	Ms. Ketra Roselieb
Director of Internal Auditing (01/01/21 – Present)	Mr. Michael Sowinski
Director of Internal Auditing, Vacant (07/01/20 – 12/31/20)	
General Counsel (07/01/20 – Present)	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

\*\*\*New position as of 01/01/20 and renamed Executive Director of Financial Affairs on 07/01/21

**State of Illinois**  
**Western Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**BOARD OF TRUSTEES**

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**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

October 11, 2022

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) 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, 2020.
- 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, 2020, 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, 2020, 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, 2021, were complete, accurate, and in accordance with applicable laws, rules, and regulations.

Yours truly,

Western Illinois University

**SIGNED ORIGINAL ON FILE**

Guiyou Huang, Ph.D., President

**SIGNED ORIGINAL ON FILE**

Shannon Sutton, Chief Fiscal Officer

**SIGNED ORIGINAL ON FILE**

Elizabeth Duvall, General Counsel

**State of Illinois**  
**Western Illinois University**  
**Compliance Examination of Census Data**  
**For the Year Ended June 30, 2021**

**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**

<b>Number of</b>	<b>Current Report</b>	<b>Prior Report*</b>
Findings	1	N/A
Repeated findings	N/A	N/A
Prior recommendations implemented or not repeated	N/A	N/A

\*This is the first compliance examination over census data. Therefore, there were no prior findings.

**Schedule of Findings**

<b>Item No.</b>	<b>Page</b>	<b>Last/First Reported</b>	<b>Description</b>	<b>Finding Type</b>
<b>Findings</b>				
2021-001	93	2021	Inadequate Internal Controls over Census Data	Material Weakness and Noncompliance

**Exit Conference**

The University waived an exit conference in correspondence from Ketra Roselieb, Executive Director of Financial Affairs, on August 26, 2022. The response to the recommendations was provided by Ketra Roselieb, Executive Director of Financial Affairs, in a correspondence dated August 26, 2022.

## 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

Mrs. 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

### 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 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, 2020; and
- 4) the proportionate share allocation year for the Plan ended June 30, 2021.

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, 2020.
- 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, 2020, 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, 2020, 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, 2021, 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, 2020;
- 2) the proportionate share allocation year for the System ended June 30, 2021;
- 3) the census data accumulation year for the Plan administered by CMS ended June 30, 2020; and,
- 4) the proportionate share allocation year for the Plan ended June 30, 2021,

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 2021-001.



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.

### **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 2021-001, that we consider to be a material weakness.

The University's responses 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  
October 11, 2022

**State of Illinois**  
**Western Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

**2021-001. Finding – Inadequate Internal Controls over Census Data**

The 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.

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 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 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**  
**Western Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

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

- During our cut-off testing of data transmitted by the University to SURS, we noted 8 instances of an active employee becoming inactive or part-time 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.

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 2021.

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 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.

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. 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.

**State of Illinois**  
**Western Illinois University**  
**Schedule of Findings**  
**For the Year Ended June 30, 2021**

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

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 the finding and has submitted all data to SURS as part of a baseline reconciliation process. Once this baseline is established and complete, an annual reconciliation process will be created and enacted moving forward.