



**STATE EMPLOYEES' GROUP INSURANCE
PROGRAM, OTHER POST-EMPLOYMENT
BENEFITS PLAN**

COMPLIANCE EXAMINATIONS OF GROUP INSURANCE
CENSUS DATA

For the Year Ended June 30, 2022

Performed as Special Assistant Auditors for the
Auditor General, State of Illinois



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**STATE EMPLOYEES' GROUP INSURANCE PROGRAM, OTHER POST-
EMPLOYMENT BENEFITS PLAN**

COMPLIANCE EXAMINATIONS OF GROUP INSURANCE CENSUS DATA

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**STATE EMPLOYEES' GROUP INSURANCE PROGRAM, OTHER POST-
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DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL
MANAGEMENT SERVICES

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

DEPARTMENT OFFICIALS

Director (03/07/24 – Present)	Ms. Raven DeVaughn
Director (Acting) (01/21/23 – 03/06/24)	Ms. Raven DeVaughn
Director (Acting) (06/13/22 – 01/20/23)	Mr. Anthony Pascente
Director (07/01/21 – 06/12/22)	Ms. Janel Forde
Assistant Director (Acting) (06/16/23 – Present)	Mr. Aundra Williams
Assistant Director (05/06/23 – 06/15/23)	Vacant
Assistant Director (03/08/22 – 05/05/23)	Mr. Mark Mahoney
Assistant Director (Acting) (07/01/21 – 03/07/22)	Mr. Mark Mahoney
Assistant Director (01/21/23 – Present)	Vacant
Assistant Director (Acting) (09/07/21 – 01/20/23)	Ms. Raven DeVaughn
Assistant Director (07/01/21 – 09/06/21)	Vacant
Chief of Staff (02/16/23 – Present)	Mr. Patrick Nolan
Chief of Staff (06/13/22 – 02/15/23)	Vacant
Chief of Staff (07/01/21 – 06/12/22)	Mr. Anthony Pascente
Chief Administrative Officer	Ms. Sarah Kerley
Chief Operating Officer (Acting) (07/10/23 – Present)	Mr. William McCarty
Chief Operating Officer (Acting) (04/16/23 – 07/09/23)	Mr. Sean Neuert
Chief Operating Officer (01/21/23 – 04/15/23)	Vacant
Chief Operating Officer (07/01/21 – 01/20/23)	Ms. Aysegul Kalaycioglu
Chief Fiscal Officer	Ms. Karen Pape
General Counsel (12/01/23 – Present)	Ms. CoreyAnne Gulkewicz
General Counsel (Acting) (05/16/23 – 11/30/23)	Ms. CoreyAnne Gulkewicz
General Counsel (07/01/21 – 05/15/23)	Mr. Terrence Glavin
Chief Internal Auditor (10/16/23 – Present)	Mr. Butch Stilwell
Chief Internal Auditor (Acting) (06/16/23 – 10/15/23)	Ms. Dawn Meier
Chief Internal Auditor (Acting) (05/16/23 – 06/15/23)	Mr. Jack Rakers
Chief Internal Auditor (07/01/21 – 05/15/23)	Mr. Jack Rakers

DEPARTMENT OFFICES

Department main offices are located at:

State of Illinois Building
555 W. Monroe Street
Chicago, Illinois 60661

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



MANAGEMENT ASSERTION LETTER

June 17, 2024

Sikich CPA LLC
3051 Hollis Drive, 3rd Floor
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Department of Central Management Services (Department) and reporting their significant elements of census data and related employer contributions through the State Employees' Retirement System (System) to the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan (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 Department's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Department has materially complied with the specified requirements listed below.

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2022.

- B. The changes in significant elements of census data for employees required to be enrolled in the Plan, in accordance with the individual employee's election to participate, occurring during the census data accumulation year ended June 30, 2022, were completely and accurately reported by the Department to CMS through the System. The significant elements of census data of the Plan include each member's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay.

C. The employer group insurance contributions for funds other than the General Revenue Fund, which includes contributions for both current employees and an additional amount to cover retiree benefits under a pay as you go methodology, remitted by the Department for the Plan to CMS during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations. Employer group insurance contributions (for funds other than the General Revenue Fund) and General Revenue Fund payroll under detail object code 1120 are the basis for determining the Department's proportionate share of the OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense.

State of Illinois, Department of Central Management Services

SIGNED ORIGINAL ON FILE

or

SIGNED ORIGINAL ON FILE

Karen Pape, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Corey Akne Gulkewicz, General

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL
MANAGEMENT SERVICES

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA

For the Year Ended June 30, 2022

EXAMINATION REPORT

SUMMARY

The compliance testing of census data and employer contributions for the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	1	0
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	0	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2022-001	10	NEW	Failure to Pay Correct Employer Group Insurance Contributions	Significant Deficiency and Noncompliance

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL
MANAGEMENT SERVICES

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

EXIT CONFERENCE

The Illinois Department of Central Management Services waived an exit conference in a correspondence from Amy Lange, Audit Liaison, on May 14, 2024.

The response to this recommendation was provided by Amy Lange, Audit Liaison, in a correspondence dated May 14, 2024.

3051 Hollis Drive, 3rd Floor
Springfield, IL 62704
217.793.3363

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INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Ms. Raven DeVaughn
Director
State of Illinois, Department of Central Management Services

External Auditors
State of Illinois, Department of Central Management Services

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by management of the State of Illinois, Department of Central Management Services (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

- 1) the census data accumulation year for the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2022; and
- 2) the proportionate share allocation year for the Plan ended June 30, 2023.

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

The specified requirements are:

- A. All of the Department's employees required to be enrolled in the State Employees' Retirement System (System) in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2022.

- B. The changes in significant elements of census data for employees required to be enrolled in the Plan, in accordance with the individual employee's election to participate, occurring during the census data accumulation year ended June 30, 2022, were completely and accurately reported by the Department to CMS through the System. The significant elements of census data of the Plan include each member's:
- social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay.
- C. The employer group insurance contributions for funds other than the General Revenue Fund, which includes contributions for both current employees and an additional amount to cover retiree benefits under a pay as you go methodology, remitted by the Department for the Plan to CMS during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations. Employer group insurance contributions (for funds other than the General Revenue Fund) and General Revenue Fund payroll under detail object code 1120 are the basis for determining the Department's proportionate share of the OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our 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 Department's compliance with the specified requirements.

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

- 1) the census data accumulation year for the Plan administered by CMS ended June 30, 2022; and,
- 2) the proportionate share allocation year for the Plan ended June 30, 2023, in all material respects. However, the results of our procedures disclosed an instance of noncompliance with the specified requirements, which is required to be reported in accordance with criteria established by the *Audit Guide* and is described in the accompanying Schedule of Findings as item 2022-001.

The Department's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The Department's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a significant deficiency.

The Department's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The Department's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
June 17, 2024

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL
MANAGEMENT SERVICES
SCHEDULE OF FINDINGS – CURRENT FINDING
For the Year Ended June 30, 2022

SCHEDULE OF FINDINGS

2022-001. FINDING (Failure to Pay Correct Employer Group Insurance Contributions)

The Department of Central Management Services (Department) failed to ensure employer group insurance contributions remitted by the Department for the State Employees' Group Insurance Program (SEGIP) to the Department of Central Management Services (CMS) during the allocation year ended June 30, 2023, were in accordance with employer group insurance contribution rates published.

Employer group insurance contributions represent the employer's cost of group insurance coverage. The employer group insurance contributions are charged to non-exempt funds and are comprised of the employee costs plus the retiree cost not paid by other sources on average for each employee. Annually, CMS determines the employer group insurance contribution rates for each group insurance program to be paid by the Department. We noted the Department had nine employees enrolled in the Consumer Driven Health Plan (CDHP). During testing, we noted for all nine employees (100%) enrolled in the CDHP, the Department was charged and paid the incorrect employer group insurance contribution rates, resulting in overpayments totaling \$59,644. The Department failed to verify the employer group insurance contribution rates paid agreed to CMS published rates.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/11) requires every department which has members paid from funds other than the General Revenue Fund to cooperate with the Department of Central Management Services and the Governor's Office of Management and Budget in order to assure that the specified proportion of the State's cost for group life insurance, the program of health benefits and other employee benefits is paid by such funds.

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

The overpayments occurred due to an incorrect rate being delivered to CMS's third-party administrator's system. The corrected rate was subsequently delivered; however, due to a miscommunication, the incorrect rate was utilized in billing the Department for employer group insurance contributions. The Department did not identify the error due to competing priorities.

STATE OF ILLINOIS
DEPARTMENT OF CENTRAL
MANAGEMENT SERVICES
SCHEDULE OF FINDINGS – CURRENT FINDING
For the Year Ended June 30, 2022

2022-001. FINDING (Failure to Pay Correct Employer Group Insurance Contributions) –
Continued

Failure to ensure employer group insurance contributions agree to CMS published rates could result in misstatements in SEGIP’s allocation schedules, which are a critical part of the Fiscal Year 2024 financial reporting process at various State agencies and public universities. (Finding Code No. 2022-001)

RECOMMENDATION

We recommend the Department ensure employer group insurance contributions paid agree with rates published by CMS.

DEPARTMENT RESPONSE

The Department agrees with the finding and recommendation and now understands that the implemented process needed additional steps. Should this situation arise again, the process will be in place to handle corrections of this type.

DEPARTMENT OF TRANSPORTATION

STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

DEPARTMENT OFFICIALS

Secretary	Mr. Omer Osman
Assistant Secretary	Vacant
Chief of Staff (06/01/23 – Present)	Vacant
Chief of Staff (07/01/21 – 05/31/23)	Ms. Georgina (Syas) White
Deputy Chief of Staff (05/16/22 – Present)	Vacant
Deputy Chief of Staff (07/01/21 – 05/15/22)	Ms. Becky Locker
Chief Operating Officer (09/01/23 – Present)	Mr. John Donovan
Chief Operating Officer (04/23/22 – 08/31/23)	Vacant
Chief Operating Officer (07/01/21 – 04/22/22)	Ms. Sheleda Doss
Chief Fiscal Officer (04/01/22 – Present)	Ms. Vicki Wilson
Chief Fiscal Officer (Acting) (07/01/21 – 03/31/22)	Ms. Joanne Woodworth
Director, Office of Communications	Mr. Guy Tridgell
Director, Office of Legislative Affairs (08/16/23 – Present)	Mr. Aaron Gold-Stein
Director, Office of Legislative Affairs (07/01/23 – 08/15/23)	Vacant
Director, Office of Legislative Affairs (01/01/22 – 06/30/23)	Mr. Matthew McAnarney
Director, Office of Legislative Affairs (Acting) (12/01/21 – 12/31/21)	Mr. Matthew McAnarney
Director, Office of Legislative Affairs (07/01/21 – 11/30/21)	Ms. Nicola Cortez-Hun
Director, Office of Finance and Administration (02/16/22 – Present)	Ms. Vicki Wilson
Director, Office of Finance and Administration (07/01/21 – 02/15/22)	Vacant
Deputy Director, Office of Finance and Administration	Mr. Matt Magalis
Director, Office of Business and Workforce Diversity (09/18/23 – Present)	Ms. Brandy Phillips
Director, Office of Business and Workforce Diversity (10/01/22 – 09/17/23)	Vacant
Director, Office of Business and Workforce Diversity (05/02/22 – 09/30/22)	Mr. Jonathan McGee
Director, Office of Business and Workforce Diversity (01/01/22 – 05/01/22)	Vacant
Director, Office of Business and Workforce Diversity (07/01/21 – 12/31/21)	Ms. Pamela Simon

STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

Director/Chief Legal Counsel, Office of Chief Counsel (06/28/23 – Present)	Mr. Michael Prater
Director/Chief Legal Counsel, Office of Chief Counsel (06/16/23 – 06/27/23)	Mr. Terrence Glavin
Director/Chief Legal Counsel, Office of Chief Counsel (07/01/21 – 06/15/23)	Ms. Yangsu Kim
Director/Chief Internal Auditor, Office of Internal Audit	Mr. Stephen Kirk
Deputy Secretary of Communications and Legislative Affairs (04/24/23 – Present)	Mr. Jeremy LaMarche
Deputy Secretary of Communications and Legislative Affairs (03/01/23 – 04/23/23)	Vacant
Deputy Secretary of Communications and Legislative Affairs (05/16/22 – 02/28/23)	Ms. Becky Locker
Deputy Secretary of Communications and Legislative Affairs (01/01/22 – 05/15/22)	Vacant
Deputy Secretary of Communications and Legislative Affairs (07/01/21 – 12/31/21)	Mr. Douglas House
Deputy Secretary of Administration, Diversity and Legal Affairs (05/16/23 – Present)	Mr. Terrence Glavin
Deputy Secretary of Administration, Diversity and Legal Affairs (01/01/23 – 05/15/23)	Vacant
Deputy Secretary of Administration, Diversity and Legal Affairs (07/01/21 – 12/31/22)	Ms. Margaret van Dijk
Deputy Secretary of Project Implementation	Vacant
Director, Office of Planning and Programming	Ms. Holly (Ostdick) Bieneman
Deputy Director, Office of Planning and Programming (07/01/22 – Present)	Ms. Elizabeth Irvin
Deputy Director, Office of Planning and Programming (07/01/21 – 06/30/22)	Vacant
Director, Office of Highways Project Implementation	Mr. Stephen Travia
Deputy Director, Office of Highways Project Implementation (11/16/21 – Present)	Mr. Justan Mann
Deputy Director, Office of Highways Project Implementation (07/01/21 – 11/15/21)	Vacant

STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

Director, Office of Intermodal Project Implementation (01/18/22 – Present)	Mr. Jason Osborn
Director, Office of Intermodal Project Implementation (Acting) (07/01/21 – 01/17/22)	Mr. Matt Magalis
Deputy Director, Rail, Office of Intermodal Project Implementation (01/01/24 – Present)	Vacant
Deputy Director, Rail, Office of Intermodal Project Implementation (07/01/21 – 12/31/23)	Mr. John Oimoen
Deputy Director, Transit, Office of Intermodal Project Implementation	Ms. Ashounta Reese
Deputy Director, Aeronautics, Office of Intermodal Project Implementation	Mr. Clayton Stambaugh

DEPARTMENT OFFICES

The Department's primary administrative offices are located at:

2300 S. Dirksen Parkway
Springfield, IL 62764

69 W. Washington Street
Chicago, IL 60602



Illinois Department of Transportation

2300 South Dirksen Parkway / Springfield, Illinois 62764

MANAGEMENT ASSERTION LETTER

June 3, 2024

Sikich CPA LLC
3051 Hollis Drive, 3rd Floor
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Department of Transportation (Department) and reporting their significant elements of census data and related employer contributions through the State Employees' Retirement System (System) to the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan (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 Department's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Department has materially complied with the specified requirements listed below.

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2022.
- B. The changes in significant elements of census data for employees required to be enrolled in the Plan, in accordance with the individual employee's election to participate, occurring during the census data accumulation year ended June 30, 2022, were completely and accurately reported by the Department to CMS through the System. The significant elements of census data of the Plan include each member's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay.



Illinois Department of Transportation

2300 South Dirksen Parkway / Springfield, Illinois 62764

- C. The employer group insurance contributions (for funds other than the General Revenue Fund), which includes contributions for both current employees and an additional amount to cover retiree benefits under a pay as you go methodology, remitted by the Department for the Plan to CMS during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Employer group insurance contributions (for funds other than the General Revenue Fund) are the basis for determining the Department's proportionate share of the OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense.

Yours truly,

State of Illinois, Department of Transportation

SIGNED ORIGINAL ON FILE

Omer Osman, Secretary

SIGNED ORIGINAL ON FILE

Vicki Wilson, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Michael Prater, Chief Legal Counsel

STATE OF ILLINOIS
DEPARTMENT OF TRANSPORTATION

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

EXAMINATION REPORT

SUMMARY

The compliance testing of census data and employer contributions for the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	0	0
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	0	0

EXIT CONFERENCE

The State of Illinois, Department of Transportation waived an exit conference in a correspondence from Kayla Routh, External Audit Coordinator, on April 17, 2024.

3051 Hollis Drive, 3rd Floor
Springfield, IL 62704
217.793.3363

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**INDEPENDENT ACCOUNTANT'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Mr. Omer Osman
Secretary
State of Illinois, Department of Transportation

External Auditors
State of Illinois, Department of Transportation

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by management of the State of Illinois, Department of Transportation (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

- 1) the census data accumulation year for the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2022; and
- 2) the proportionate share allocation year for the Plan ended June 30, 2023.

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

The specified requirements are:

- A. All of the Department's employees required to be enrolled in the State Employees' Retirement System (System) in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2022.
- B. The changes in significant elements of census data for employees required to be enrolled in the Plan, in accordance with the individual employee's election to participate, occurring during the census data accumulation year ended June 30, 2022, were completely and accurately reported by the Department to CMS through the System. The significant elements of census data of the Plan include each member's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay.
- C. The employer group insurance contributions (for funds other than the General Revenue Fund), which includes contributions for both current employees and an additional amount to cover retiree benefits under a pay as you go methodology, remitted by the Department for the Plan to CMS during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Employer group insurance contributions (for funds other than the General Revenue Fund) and are the basis for determining the Department's proportionate share of the OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our 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 Department's compliance with the specified requirements.

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

- 1) the census data accumulation year for the Plan administered by CMS ended June 30, 2022; and,
- 2) the proportionate share allocation year for the Plan ended June 30, 2023, in all material respects.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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

Springfield, Illinois
June 3, 2024

DEPARTMENT OF INNOVATION AND TECHNOLOGY

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

DEPARTMENT OFFICIALS

Secretary (Acting) (06/01/23 – Present)	Mr. Sanjay Gupta
Secretary (Acting) (01/13/23 – 05/31/23)	Mr. Brandon Ragle
Secretary (04/09/22 – 01/12/23)	Ms. Jennifer Ricker
Secretary (Acting) (07/01/21 – 04/08/22)	Ms. Jennifer Ricker
Deputy Secretary (Acting) (06/07/23 – Present)*	Mr. Brandon Ragle
Assistant Secretary (06/07/23 – Present)	Vacant
Assistant Secretary (Acting) (06/01/23 – 06/06/23)	Mr. Brandon Ragle
Assistant Secretary (01/09/23 – 05/31/23)	Vacant
Assistant Secretary (Acting) (07/08/22 – 01/08/23)	Mr. Brandon Ragle
Assistant Secretary (07/01/21 – 07/07/22)	Vacant
Chief Administrative Officer (01/01/23 – Present)	Mr. Albert Coll
Chief Administrative Officer (11/01/22 – 12/31/22)	Vacant
Chief Administrative Officer (07/01/21 – 10/31/22)	Ms. Nina Harris
Chief of Staff	Ms. Jenifer Johnson
Chief Fiscal Officer (09/15/22 – Present)	Ms. Mary Feagans
Chief Fiscal Officer (06/16/22 – 09/14/22)	Vacant
Chief Fiscal Officer (Acting) (07/01/21 – 06/15/22)	Mr. Brian Turner
General Counsel (01/01/23 – Present)	Ms. Margaret van Dijk
General Counsel (Acting) (12/29/22 – 12/31/22)	Ms. Jenifer Johnson
General Counsel (Acting) (11/01/22 – 12/28/22)	Ms. Kristen Sweat
General Counsel (07/01/21 – 10/31/22)	Mr. Matthew Runyen
Chief Internal Auditor	Mr. John Valtierra

*Deputy Secretary position was established per PA 103-0008 and was not considered vacant prior to this date.

DEPARTMENT OFFICES

The Department of Innovation and Technology's primary administrative office is located at:

120 West Jefferson Street
Springfield, Illinois 62702

MANAGEMENT ASSERTION LETTER

June 3, 2024

Sikich CPA LLC
3051 Hollis Drive, 3rd Floor
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of the State of Illinois, Department of Innovation and Technology (Department) and reporting their significant elements of census data and related employer contributions through the State Employees' Retirement System (System) to the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan (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 Department's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Department has materially complied with the specified requirements listed below.

- A. All of the Department's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2022.
- B. The changes in significant elements of census data for employees required to be enrolled in the Plan, in accordance with the individual employee's election to participate, occurring during the census data accumulation year ended June 30, 2022, were completely and accurately reported by the Department to CMS through the System. The significant elements of census data of the Plan include each member's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay.
- C. The employer group insurance contributions for funds other than the General Revenue Fund, which includes contributions for both current employees and an additional amount to cover retiree benefits under a pay as you go methodology, remitted by the Department for the Plan to CMS during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail

object code 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations. Employer group insurance contributions (for funds other than the General Revenue Fund) and General Revenue Fund payroll under detail object code 1120 are the basis for determining the Department's proportionate share of the OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense.

Yours truly,

State of Illinois, Department of Innovation and Technology

SIGNED ORIGINAL ON FILE

Sanjay Gupta, Secretary

SIGNED ORIGINAL ON FILE

Mary Feagans, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

Radhika Lakhani, General Counsel

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

EXAMINATION REPORT

SUMMARY

The compliance testing of census data and employer contributions for the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	1	0
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	0	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2022-001	30	NEW	Failure to Pay Correct Employer Group Insurance Contributions	Significant Deficiency and Noncompliance

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

EXIT CONFERENCE

The finding and recommendation appearing in this report were discussed with the Illinois Department of Innovation and Technology personnel at an exit conference on May 14, 2024.

Attending was:

Department of Innovation and Technology

Sanjay Gupta, Acting Secretary
Brandon Ragle, Acting Deputy Secretary
Jenifer Johnson, Chief of Staff
Mary Feagans, Chief Fiscal Officer
Kelly Guerro, Internal Auditor
Hermant Modi, Comptroller

Sikich CPA LLC

Amy Sherwood, Principal
Ryan Randolph, Director

Office of the Auditor General

Dennis Gibbons, Senior Audit Manager

The response to this recommendation was provided by Jessica Michenheimer, External Audit Coordinator, in a correspondence dated May 22, 2024.

3051 Hollis Drive, 3rd Floor
Springfield, IL 62704
217.793.3363

SIKICH.COM

INDEPENDENT ACCOUNTANT'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Mr. Sanjay Gupta
Acting Secretary
State of Illinois, Department of Innovation and Technology

External Auditors
State of Illinois, Department of Innovation and Technology

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by management of the State of Illinois, Department of Innovation and Technology (Department) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

- 1) the census data accumulation year for the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2022; and
- 2) the proportionate share allocation year for the Plan ended June 30, 2023.

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

The specified requirements are:

- A. All of the Department's employees required to be enrolled in the State Employees' Retirement System (System) in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2022.
- B. The changes in significant elements of census data for employees required to be enrolled in the Plan, in accordance with the individual employee's election to participate, occurring during the census data accumulation year ended June 30, 2022, were completely and accurately reported by the Department to CMS through the System. The significant elements of census data of the Plan include each member's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender;
 - rate of pay.
- C. The employer group insurance contributions for funds other than the General Revenue Fund, which includes contributions for both current employees and an additional amount to cover retiree benefits under a pay as you go methodology, remitted by the Department for the Plan to CMS during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, General Revenue Fund payroll paid by the Department and recorded within the Statewide Accounting Management System under detail object code 1120 was complete, accurate, and in accordance with applicable laws, rules, and regulations. Employer group insurance contributions (for funds other than the General Revenue Fund) and General Revenue Fund payroll under detail object code 1120 are the basis for determining the Department's proportionate share of the OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our 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 Department's compliance with the specified requirements.

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

- 1) the census data accumulation year for the Plan administered by CMS ended June 30, 2022, and,
- 2) the proportionate share allocation year for the Plan ended June 30, 2023, in all material respects. However, the results of our procedures disclosed an instance of noncompliance with the specified requirements, which is required to be reported in accordance with criteria established by the *Audit Guide* and is described in the accompanying Schedule of Findings as item 2022-001.

The Department's response to the census data compliance finding identified in our examination is described in the accompanying Schedule of Findings. The Department's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Department is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department's compliance with the specified requirements and to test and report on the Department's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a significant deficiency.

The Department's response to the internal control finding identified in our examination is described in the accompanying Schedule of Findings. The Department's response was not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the response.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Springfield, Illinois
June 3, 2024

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS – CURRENT FINDING
For the Year Ended June 30, 2022

SCHEDULE OF FINDINGS

2022-001. FINDING (Failure to Pay Correct Employer Group Insurance Contributions)

The Department of Innovation and Technology (Department) failed to ensure employer group insurance contributions remitted by the Department for the State Employees' Group Insurance Program (SEGIP) to the Department of Central Management Services (CMS) during the allocation year ended June 30, 2023, were in accordance with employer group insurance contribution rates published.

Employer group insurance contributions represent the employer's cost of group insurance coverage. The employer group insurance contributions are charged to non-exempt funds and are comprised of the employee costs plus the retiree cost not paid by other sources on average for each employee. Annually, CMS determines the employer group insurance contribution rates for each group insurance program to be paid by the Department. We noted the Department had fourteen employees enrolled in the Consumer Driven Health Plan (CDHP). During testing, we noted for all fourteen employees (100%) enrolled in the CDHP, the Department was charged and paid the incorrect employer group insurance contribution rates, resulting in overpayments totaling \$64,494. The Department failed to verify the employer group insurance contribution rates paid agreed to CMS published rates.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/11) requires every department which has members paid from funds other than the General Revenue Fund to cooperate with the Department of Central Management Services and the Governor's Office of Management and Budget in order to assure that the specified proportion of the State's cost for group life insurance, the program of health benefits and other employee benefits is paid by such funds.

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

The overpayments occurred due to an error in CMS's third-party administrator's system utilized in billing the Department for employer group insurance contributions including the incorrect rates. The Department did not identify the error due to competing priorities.

Failure to ensure employer group insurance contributions agree to CMS published rates could result in misstatements in SEGIP's allocation schedules, which are a critical part of the Fiscal Year 2024 financial reporting process at various State agencies and public universities. (Finding Code No. 2022-001)

STATE OF ILLINOIS
DEPARTMENT OF INNOVATION AND TECHNOLOGY
SCHEDULE OF FINDINGS – CURRENT FINDING
For the Year Ended June 30, 2022

2022-001. FINDING (Failure to Pay Correct Employer Group Insurance Contributions) –
Continued

RECOMMENDATION

We recommend the Department ensure employer group insurance contributions paid agree with rates published by CMS.

DEPARTMENT RESPONSE

Department agrees with the finding and the recommendation. Department will implement a process to verify the group insurance contribution rates paid by the Department agrees to the rates published on the CMS site.

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

AUTHORITY OFFICIALS

Executive Director (08/26/22 – Present)	Ms. Cassandra Rouse
Interim Executive Director (04/01/22 – 08/25/22)	Ms. Lanyea Griffin
Executive Director (03/15/22 – 03/31/22)	Vacant
Executive Director (07/01/21 – 03/14/22)	Mr. Jose Alvarez
Chief Financial Officer	Ms. Cathy R. Williams
General Counsel	Ms. Kathleen Pasulka-Brown
Chief of Staff (11/01/23 – Present) *	Mr. John Donato
Chief Operations Officer (11/16/22 – 03/18/24) *	Mr. Jeffrey Donoghue
Chief Operations Officer (08/26/22 – 11/15/22)	Vacant
Chief Operations Officer (07/22/21 – 08/25/22)	Ms. Cassandra Rouse
Chief Operations Officer (07/01/21 – 07/21/21)	Vacant
Controller	Ms. Patricia Pearn

* Chief Operations Officer position was retired after Mr. Jeffrey Donoghue left, and the Chief of Staff position was created. Therefore, there were no vacancies prior to 11/01/23 to report for the new position.

TOLL HIGHWAY AUTHORITY BOARD OFFICERS

Chair (02/17/23 – Present)	Mr. Arnaldo Rivera
Chair (02/01/23 – 02/16/23)	Vacant
Chair (02/18/22 – 01/31/23)	Ms. Dorothy Abreu
Chair (07/01/21 – 02/17/22)	Mr. William Evans Jr.
Vice Chair	Mr. James Connolly

TOLL HIGHWAY AUTHORITY BOARD MEMBERS

Member (07/17/23 – Present)	Ms. Melissa Neddermeyer
Member (03/22/23 – 07/16/23)	Vacant
Member (07/01/21 – 03/21/23)	Ms. Alice Gallagher
Member	Ms. Jacqueline Gomez Fuentes
Member	Ms. Karen McConnaughay
Member	Mr. Scott Paddock
Member	Mr. Gary Perinar

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

TOLL HIGHWAY AUTHORITY BOARD MEMBERS - continued

Member	Mr. James Sweeney
Member (07/17/23 – Present)	Mr. Mark Wright
Member (04/02/22 – 07/16/23)	Vacant
Member (07/01/21 – 04/01/22)	Mr. Stephen Davis

AUTHORITY OFFICES

The Illinois State Toll Highway Authority's primary administrative offices are located at:

2700 Ogden Avenue
Downers Grove, Illinois 60515



MANAGEMENT ASSERTION LETTER

May 31, 2024

Sikich CPA LLC
3051 Hollis Drive, 3rd Floor
Springfield, IL 62704

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, rules, and regulations applicable to identifying and enrolling eligible employees of The Illinois State Toll Highway Authority (Authority) and reporting their significant elements of census data and related employer contributions through the State Employees' Retirement System (System) to the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan (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 Authority's compliance with the specified requirements during the applicable periods noted below. Based on this evaluation, we assert the Authority has materially complied with the specified requirements listed below.

- A. All of the Authority's employees required to be enrolled in the System in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2022.
- B. The changes in significant elements of census data for employees required to be enrolled in the Plan, in accordance with the individual employee's election to participate, occurring during the census data accumulation year ended June 30, 2022, were completely and accurately reported by the Authority to CMS through the System. The significant elements of census data of the Plan include each member's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender; and,
 - rate of pay.

- C. The employer group insurance contributions for sworn troopers assigned to the Illinois State Police's Troop 15, which includes contributions for both current employees and an additional amount to cover retiree benefits under a pay as you go methodology, remitted by the Authority for the Plan to CMS during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, the annual contributions to CMS for the Authority's average employer's share of the cost of retiree coverage per participating employee in the Plan, during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with Section 11 of the State Employees Group Insurance Act of 1971. Employer group insurance contributions and the annual contributions to CMS for the Authority's average employer's share of the cost of retiree coverage per participating employee in the Plan are the basis for determining the Authority's proportionate share of the OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense.

Yours truly,

The Illinois State Toll Highway Authority

SIGNED ORIGINAL ON FILE

Cassandra Rouse, Executive Director

SIGNED ORIGINAL ON FILE

Cathy Williams, Chief Financial Officer

SIGNED ORIGINAL ON FILE

Kathleen Pasulka-Brown, General Counsel

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

EXAMINATION REPORT

SUMMARY

The compliance testing of census data and employer contributions for the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u> <u>Report</u>	<u>Prior</u> <u>Report</u>
Findings	0	0
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	0	0

EXIT CONFERENCE

The Illinois State Toll Highway Authority waived an exit conference in a correspondence from Patricia Pearn, Controller, on May 9, 2024.

3051 Hollis Drive, 3rd Floor
Springfield, IL 62704
217.793.3363

SIKICH.COM

**INDEPENDENT ACCOUNTANT’S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Board of Directors
The Illinois State Toll Highway Authority

Ms. Cassandra Rouse
Executive Director
The Illinois State Toll Highway Authority

External Auditors
The Illinois State Toll Highway Authority

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by management of The Illinois State Toll Highway Authority (Authority), a component unit of the State of Illinois, with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

- 1) the census data accumulation year for the State Employees’ Group Insurance Program, Other Post-Employment Benefits Plan (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2022; and
- 2) the proportionate share allocation year for the Plan ended June 30, 2023.

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

The specified requirements are:

- A. All of the Authority's employees required to be enrolled in the State Employees' Retirement System (System) in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2022.
- B. The changes in significant elements of census data for employees required to be enrolled in the Plan, in accordance with the individual employee's election to participate, occurring during the census data accumulation year ended June 30, 2022, were completely and accurately reported by the Authority to CMS through the System. The significant elements of census data of the Plan include each member's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender; and,
 - rate of pay.
- C. The employer group insurance contributions for sworn troopers assigned to the Illinois State Police's District 15, which includes contributions for both current employees and an additional amount to cover retiree benefits under a pay as you go methodology, remitted by the Authority for the Plan to CMS during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, the annual contributions to CMS for the Authority's average employer's share of the cost of retiree coverage per participating employee in the Plan, during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with Section 11 of the State Employees Group Insurance Act of 1971. Employer group insurance contributions and the annual contributions to CMS for the Authority's average employer's share of the cost of retiree coverage per participating employee in the Plan are the basis for determining the Authority's proportionate share of the OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Authority complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Authority complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our 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 Authority's compliance with the specified requirements.

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

- 1) the census data accumulation year for the Plan administered by CMS ended June 30, 2022, and
- 2) the proportionate share allocation year for the Plan ended June 30, 2023, in all material respects.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Authority's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Authority's compliance with the specified requirements and to test and report on the Authority's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

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

Springfield, Illinois
May 31, 2024

ILLINOIS STATE POLICE – TROOP 15

STATE OF ILLINOIS
ILLINOIS STATE POLICE - TROOP 15

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

DEPARTMENT OFFICIALS

Director	Mr. Brendan Kelly
First Deputy Director	Mr. Matt Davis
Chief Financial Officer (Interim) (06/01/24 – Present)	Ms. Michelle Dankoski
Chief Financial Officer (11/01/21 – 05/31/24)	Mr. Benjamin Dieterich
Chief Financial Officer (07/01/21 – 10/31/21)	Mr. Michael Yokley
Chief Legal Counsel (Acting) (06/04/22 – Present)	Ms. Kelly Griffith
Chief Legal Counsel (07/01/21 – 06/03/22)	Ms. Maureen McCurry
Chief Internal Auditor	Ms. Denise Caldwell

DEPARTMENT OFFICES

The Department's primary administrative offices are located at:

801 South Seventh Street
Springfield, Illinois 62703

STATE OF ILLINOIS
ILLINOIS STATE POLICE - TROOP 15

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

AUTHORITY OFFICIALS

Executive Director (08/26/22 – Present)	Ms. Cassandra Rouse
Interim Executive Director (04/01/22 – 08/25/22)	Ms. Lanyea Griffin
Executive Director (03/15/22 – 03/31/22)	Vacant
Executive Director (07/01/21 – 03/14/22)	Mr. Jose Alvarez
Chief Financial Officer	Ms. Cathy R. Williams
General Counsel	Ms. Kathleen Pasulka-Brown
Chief of Staff (11/01/23 – Present) *	Mr. John Donato
Chief Operations Officer (11/16/22 – 03/18/24) *	Mr. Jeffrey Donoghue
Chief Operations Officer (08/26/22 – 11/15/22)	Vacant
Chief Operations Officer (07/22/21 – 08/25/22)	Ms. Cassandra Rouse
Chief Operations Officer (07/01/21 – 07/21/21)	Vacant
Controller	Ms. Patricia Pearn

* Chief Operations Officer position was retired after Mr. Jeffrey Donoghue left, and the Chief of Staff position was created. Therefore, there were no vacancies prior to 11/01/23 to report for the new position.

TOLL HIGHWAY AUTHORITY BOARD OFFICERS

Chair (02/17/23 – Present)	Mr. Arnaldo Rivera
Chair (02/01/23 – 02/16/23)	Vacant
Chair (02/18/22 – 01/31/23)	Ms. Dorothy Abreu
Chair (07/01/21 – 02/17/22)	Mr. William Evans Jr.
Vice Chair	Mr. James Connolly

TOLL HIGHWAY AUTHORITY BOARD MEMBERS

Member (07/17/23 – Present)	Ms. Melissa Neddermeyer
Member (03/22/23 – 07/16/23)	Vacant
Member (07/01/21 – 03/21/23)	Ms. Alice Gallagher
Member	Ms. Jacqueline Gomez Fuentes
Member	Ms. Karen McConnaughay

STATE OF ILLINOIS
ILLINOIS STATE POLICE - TROOP 15

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

TOLL HIGHWAY AUTHORITY BOARD MEMBERS - continued

Member	Mr. Scott Paddock
Member	Mr. Gary Perinar
Member	Mr. James Sweeney
Member (07/17/23 – Present)	Mr. Mark Wright
Member (04/02/22 – 07/16/23)	Vacant
Member (07/01/21 – 04/01/22)	Mr. Stephen Davis

AUTHORITY OFFICES

The Illinois State Toll Highway Authority's primary administrative offices are located at:

2700 Ogden Avenue
Downers Grove, Illinois 60515



ILLINOIS STATE POLICE
Office of the Director

JB Pritzker
Governor

Brendan F. Kelly
Director

MANAGEMENT ASSERTION LETTER

June 6, 2024

Sikich CPA LLC
3051 Hollis Drive, 3rd Floor
Springfield, IL 62704

Ladies and Gentlemen:

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

- A. All of the Department's 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, 2022.

801 South Seventh Street Suite 1100-S
Springfield, Illinois 62703-2487
(217) 782-7263 (Voice) (800) 255-3323 (TDD)
www.illinois.gov www.isp.state.il.us

- B. The changes in significant elements of census data for employees required to be enrolled in the Plan, in accordance with the individual employee’s election to participate, occurring during the census data accumulation year ended June 30, 2022, were completely and accurately reported by the Department to CMS through the System. The significant elements of census data of the Plan include each member’s:
- social security number;
 - first and last name;
 - date of birth;
 - gender; and,
 - rate of pay.
- C. The employer group insurance contributions for sworn troopers assigned to the Illinois State Police’s Troop 15, which includes contributions for both current employees and an additional amount to cover retiree benefits under a pay as you go methodology, remitted by the Authority for the Plan to CMS during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, the annual contributions to CMS for the Authority’s average employer’s share of the cost of retiree coverage per participating employee in the Plan, during the allocation year ended June 30, 2023 were complete, accurate, and in accordance with Section 11 of the State Employees Group Insurance Act of 1971. Employer group insurance contributions and the annual contributions to CMS for the Authority’s average employer’s share of the cost of retiree coverage per participating employee in the Plan are the basis for determining the Authority’s proportionate share of the OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense.

Yours truly,

State of Illinois, State Police

The Illinois State Toll Highway Authority

SIGNED ORIGINAL ON FILE

SIGNED ORIGINAL ON FILE

Brendan Kelly, Director

Cassandra Rouse, Executive Director

SIGNED ORIGINAL ON FILE

SIGNED ORIGINAL ON FILE

Michelle Dankoski, Interim Chief Financial Officer

Cathy Williams, Chief Financial Officer

SIGNED ORIGINAL ON FILE

SIGNED ORIGINAL ON FILE

Steffanie Garrett, Chief Legal Counsel

Kathleen Pasulka-Brown, General Counsel

801 South Seventh Street · Suite 1100-S
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STATE OF ILLINOIS
ILLINOIS STATE POLICE - TROOP 15

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

EXAMINATION REPORT

SUMMARY

The compliance testing of census data and employer contributions for the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan under the State Employees' Retirement System performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of</u>	<u>Current</u> <u>Report</u>	<u>Prior</u> <u>Report</u>
Findings	2	0
Repeated Findings	0	0
Prior Recommendations Implemented or Not Repeated	0	0

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First</u> <u>Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Finding				
2022-001	51	NEW	Failure to Pay Correct Employer Group Insurance Contributions	Significant Deficiency and Noncompliance
2022-002	53	NEW	Inaccurate Census Data	Significant Deficiency and Noncompliance

STATE OF ILLINOIS
ILLINOIS STATE POLICE - TROOP 15

THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois

COMPLIANCE EXAMINATION OF GROUP INSURANCE CENSUS DATA
For the Year Ended June 30, 2022

EXIT CONFERENCE

The Department failed to request an exit conference within 5 days of receipt of the draft findings; therefore, no exit conference was held.

The responses to the recommendations 2022-001 were provided by Benjamin Dieterich, Chief Financial Officer, in a correspondence dated March 22, 2024.

3051 Hollis Drive, 3rd Floor
Springfield, IL 62704
217.793.3363

SIKICH.COM

**INDEPENDENT ACCOUNTANT'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino
Auditor General
State of Illinois

Honorable Susana M. Mendoza
Comptroller
State of Illinois

Board of Directors
The Illinois State Toll Highway Authority

Ms. Cassandra Rouse
Executive Director
The Illinois State Toll Highway Authority

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

External Auditors
The Illinois State Toll Highway Authority

External Auditors
State of Illinois, Illinois State Police

Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by management of the State of Illinois, Illinois State Police (Department) and The Illinois State Toll Highway Authority (Authority), a component unit of the State of Illinois, with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during:

- 1) the census data accumulation year for the State Employees' Group Insurance Program, Other Post-Employment Benefits Plan (Plan) administered by the State of Illinois, Department of Central Management Services (CMS) ended June 30, 2022; and
- 2) the proportionate share allocation year for the Plan ended June 30, 2023.

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

The specified requirements are:

- A. All of the Department's employees required to be enrolled in the State Employees' Retirement System (System) in accordance with applicable laws, rules, and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2022.
- B. The changes in significant elements of census data for employees required to be enrolled in the Plan, in accordance with the individual employee's election to participate, occurring during the census data accumulation year ended June 30, 2022, were completely and accurately reported by the Department to CMS through the System. The significant elements of census data of the Plan include each member's:
 - social security number;
 - first and last name;
 - date of birth;
 - gender; and,
 - rate of pay.
- C. The employer group insurance contributions for sworn troopers assigned to the Illinois State Police's Troop 15, which includes contributions for both current employees and an additional amount to cover retiree benefits under a pay as you go methodology, remitted by the Authority for the Plan to CMS during the allocation year ended June 30, 2023, were complete, accurate, and in accordance with applicable laws, rules, and regulations. Further, the annual contributions to CMS for the Authority's average employer's share of the cost of retiree coverage per participating employee in the Plan, during the allocation year ended June 30, 2023 were complete, accurate, and in accordance with Section 11 of the State Employees Group Insurance Act of 1971. Employer group insurance contributions and the annual contributions to CMS for the Authority's average employer's share of the cost of retiree coverage per participating employee in the Plan are the basis for determining the Authority's proportionate share of the OPEB liability, deferred inflows of resources, deferred outflows of resources and OPEB expense.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Department and Authority complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Department and Authority 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 Department and Authority's compliance with the specified requirements.

In our opinion, the Department and Authority complied with the specified requirements during:

- 1) the census data accumulation year for the Plan ended June 30, 2022; and
 - 2) the proportionate share allocation year for the Plan ended June 30, 2023,
- 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 items 2022-001 and 2022-002.

The Department and Authority's responses to the census data compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Department and Authority's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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 Department and Authority are responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Department and Authority's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Department and Authority's compliance with the specified requirements and to test and report on the Department and Authority's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Department and Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department and Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 and 2022-002, that we consider to be significant deficiencies.

The Department and Authority's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Department and Authority's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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

Springfield, Illinois
June 6, 2024

STATE OF ILLINOIS
ILLINOIS STATE POLICE – TROOP 15
THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

SCHEDULE OF FINDINGS

2022-001. FINDING (Failure to Pay Correct Employer Group Insurance Contributions)

The Illinois State Police, District 15, (Department) failed to ensure employer group insurance contributions remitted by the Illinois State Toll Highway Authority (Authority), a component unit of the State of Illinois, for the State Employees' Group Insurance Program (SEGIP) to the Department of Central Management Services (CMS) during the allocation year ended June 30, 2023, were in accordance with employer group insurance contribution rates published.

Employer group insurance contributions represent the employer's cost of group insurance coverage. The employer group insurance contributions are charged to non-exempt funds and are comprised of the employee costs plus the retiree cost not paid by other sources on average for each employee. Annually, CMS determines the employer group insurance contribution rates for each group insurance program to be paid by the Department. We noted the Department had two employees enrolled in the Consumer Driven Health Plan (CDHP). During testing, we noted for both employees (100%) enrolled in the CDHP, the Department was charged the incorrect employer group insurance contribution rates for both the Department's employees, resulting in overpayments totaling \$9,848. The Department failed to verify the employer group insurance contribution rates paid agreed to CMS published rates.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/11) requires every department which has members paid from funds other than the General Revenue Fund to cooperate with the Department of Central Management Services and the Governor's Office of Management and Budget in order to assure that the specified proportion of the State's cost for group life insurance, the program of health benefits and other employee benefits is paid by such funds.

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

The overpayments occurred due to an error in CMS's third-party administrator's system utilized in billing the Department for employer group insurance contributions including the incorrect rates. The Department did not identify the error due to competing priorities.

STATE OF ILLINOIS
ILLINOIS STATE POLICE – TROOP 15
THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-001. FINDING (Failure to Pay Correct Employer Group Insurance Contributions) –
Continued

Failure to ensure employer group insurance contributions agree to CMS published rates could result in misstatements in SEGIP’s allocation schedules, which are a critical part of the Fiscal Year 2024 financial reporting process at various State agencies and public universities. (Finding Code No. 2022-001)

RECOMMENDATION

We recommend the Department ensure employer group insurance contributions paid agree with rates published by CMS.

DEPARTMENT RESPONSE

The Department concurs with this audit finding. The Department will set up procedures to verify the data provided by CMS, matches the published employer group insurance contribution rates and notify CMS of any errors when discovered.

STATE OF ILLINOIS
ILLINOIS STATE POLICE - TROOP 15
THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-002. FINDING (Incorrect Census Data)

The Illinois State Police Troop 15 (Department) did not ensure accurate census data was used in the actuarial valuations.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or other postemployment benefit (OPEB) plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuations (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the Department's employees are members of both the State Employees' Retirement System of Illinois (SERS) 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.

During forwards testing, we noted one of 20 (5%) employees had a salary that differed by \$303 between Department and SERS records.

The independent actuaries utilized by SERS and the State of Illinois for the pension and OPEB plans deemed the error immaterial to the plan level valuations as a whole.

The State Records Act (5 ILCS 160/8) requires the Department make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Department's activities.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department establish and maintain a system, or systems, of internal fiscal and administrative control to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Department and Illinois State Toll Highway Authority (Authority) management stated the noted exception was due to a timing issue between the individual's salary change at Fiscal Year end and when it was reflected in the census data sent by the Authority to the actuaries.

STATE OF ILLINOIS
ILLINOIS STATE POLICE - TROOP 15
THE ILLINOIS STATE TOLL HIGHWAY AUTHORITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-002. FINDING (Incorrect Census Data) – (Continued)

Failure to ensure census data reported to SERS was complete and accurate may result in a material misstatement of the Authority's financial statements and reduce the overall accuracy of SERS-related pension liabilities, deferred inflows and outflows of resources, and expense recorded by the State and its agencies. (Finding Code No. 2022-001)

RECOMMENDATION

We recommend the Department and Authority implement controls to ensure accurate data is used in the actuarial valuation. If differences are noted between the Authority's data and SERS' data, these differences should be communicated timely to ensure the actuarial valuations are using accurate data.

DEPARTMENT RESPONSE

The Department concurs with this audit finding. In Fiscal Year 2021, the reconciliation was not performed timely and variances were not addressed with SERS to ensure SERS took action to correct their information. As a result, these variances carried over into Fiscal Year 2022.

While the issue identified by this finding has been corrected, the Department will work with SERS to resolve any issues within the time frame that is given for the reconciliation.