

State Employees' Retirement System of Illinois

State Compliance Examination

For the Year Ended June 30, 2021
Performed as Special Assistant Auditors for
the Auditor General, State of Illinois

**State Employees' Retirement System of Illinois
State Compliance Examination**

For the Year Ended June 30, 2021

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**State Employees' Retirement System of Illinois
State Compliance Examination**

For the Year Ended June 30, 2021

System Officials

Executive Secretary	Timothy B. Blair
Accounting Division Manager	Alan Fowler, CPA
Legal Counsel	Vacant James Stivers (7/1/2020 through 2/4/2022)
Chief Internal Auditor	Casey Evans

Governing Board Members

Chair of the Board	Susana Mendoza
Trustee (Vice-Chair of the Board)	David Morris
Trustee	Danny Silverthorn
Trustee	Carl A. Jenkins
Trustee	Jeremy Hawk
Trustee	Shaun Dawson (he chose not to seek reelection and Jack Mathews was elected to fill this position with an effective date of 7/16/2021)
Trustee	Stephen Mittons - this position became vacant effective 1/1/2022 because he changed from active status to retired status. His position will be filled in accordance with the applicable statute and rules.
Trustee	John Tilden
Trustee	Barbara J.C. Baird
Trustee	Vacant – Governor Appointed Jameson Ramirez to serve beginning 12/13/2021 through 6/29/2025
Trustee	Vacant – Governor appointed
Trustee (10/23/2020-12/20/21)	Vacant – Governor appointed Mark Donovan to fill this position beginning 12/20/2021 through 6/29/2022
Trustee (5/25/15 to 10/22/2020)	Yasmin Bates-Brown
Trustee (07/28/2021 to present)	Vacant
Trustee (6/29/2009 to 07/27/2021)	Renee Friedman

**State Employees' Retirement System of Illinois
State Compliance Examination**

For the Year Ended June 30, 2021

Office Locations

Springfield Office

2101 South Veterans Parkway
P.O. Box 19255
Springfield, Illinois 62794-9255

Chicago Office

State of Illinois Building
160 North LaSalle Street, Suite N725
Chicago, Illinois 60601



MANAGEMENT ASSERTION LETTER

August 19, 2022

RSM US LLP
20 North Martingale Road, Suite 500
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State Employees' Retirement System (System). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the System's compliance with the following specified requirements during the one-year period ended June 30, 2021. Based on this evaluation, we assert that during the year ended June 30, 2021, the System has materially complied with the specified requirements below.

- A. The System has obligated, expended, received and used public funds of the State in accordance with the purpose for which funds have been appropriated or otherwise authorized by law.
- B. The System has obligated, expended, received and used public funds of the State in accordance with any limitations, restrictions, conditions or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The System has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the System are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the System on behalf of the State or held in trust by the System have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours truly,

State Employees' Retirement System of Illinois

SIGNED ORIGINAL ON FILE

Timothy B. Blair / Executive Secretary

SIGNED ORIGINAL ON FILE

Alan Fowler, CPA, Accounting Division Manager

**State Employees' Retirement System of Illinois
State Compliance Examination**

For the Year Ended June 30, 2021

State Compliance Report

Summary

The State compliance testing 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, disclaimers or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report
Findings	6	3
Repeated findings	2	1
Prior recommendations implemented or not repeated	1	1

Schedule of Findings

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2021-001	9	2020/2016	Board of Trustees Vacancy	Noncompliance
2021-002	11	2020/2020	Inadequate Internal Controls over Access to Information Systems	Significant Deficiency and Noncompliance
2021-003	13	New	Lack of Adequate Controls over the Review of Internal Controls for Service Providers	Significant Deficiency and Noncompliance
2021-004	15	New	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2021-005	17	New	Disaster Recovery Planning Weaknesses	Significant Deficiency and Noncompliance
2021-006	18	New	Lack of Agreement to Ensure Compliance with IT Security Requirements	Significant Deficiency and Noncompliance
Prior Finding Not Repeated				
A.	19	2020/2020	Failure to Report Motor Vehicle Accident	

**State Employees' Retirement System of Illinois
State Compliance Examination**

For the Year Ended June 30, 2021

State Compliance Report (Continued)

Exit Conference

The System waived an exit conference in a correspondence from Casey Evans, Internal Auditor, on July 12, 2022. The responses to the recommendations were provided by Casey Evans, Internal Auditor, in a correspondence dated July 25, 2022.

**Independent Accountant's Report
on State Compliance and on Internal Control Over Compliance**

RSM US LLP

Honorable Frank J. Mautino
Auditor General
State of Illinois

Board of Trustees
State Employees' Retirement System of Illinois

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State Employees' Retirement System of Illinois (System) 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 the year ended June 30, 2021. Management of the System is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the System's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The System has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The System has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The System has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the System are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the System on behalf of the State or held in trust by the System have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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 System complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the System complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

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

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

In our opinion, the System complied with the specified requirements during the year ended June 30, 2021, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2021-001 through 2021-006.

The System's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The System'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.

Report on Internal Control Over Compliance

Management of the System 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 System's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the System's compliance with the specified requirements and to test and report on the System's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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 2021-002 through 2021-006 that we consider to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The System's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The System'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

Schaumburg, Illinois
August 19, 2022

State Employees' Retirement System of Illinois

Schedule of Findings – State Compliance Year Ended June 30, 2021

Finding No. 2021-001 Board of Trustees Vacancy

The State Employees' Retirement System of Illinois (System) had vacancies in four of its thirteen required trustees of the Board. One vacancy has existed for more than six years as of June 30, 2021.

During the current compliance examination, the auditors were aware that a Board member had resigned from the Board on October 15, 2015. The System's Executive Secretary informed the Board of the first resignation on that same day and, on November 4, 2015, the Executive Secretary communicated the vacancy to the Governor's Office, via email, requesting that the vacancy be filled. On June 19, 2020, the Executive Secretary communicated to the Governor's Office an additional vacancy, a resignation that occurred May 1, 2020. Throughout the years and most recently on July 23, 2021, the Executive Secretary has followed up with the Governor's Office via emails informing the Governor's team of the vacancies. According to System officials, the governor's office officially made four appointments to fill all the vacancies subsequent to the System's fiscal year end. These appointments were made on December 13, 2021, December 20, 2021, February 14, 2022, and February 28, 2022.

The Illinois Pension Code (40 ILCS 5/14-134) states "Beginning on the 90th day after the effective date of this amendatory Act of the 96th General Assembly, the board shall consist of 13 trustees as follows:

- (1) the Comptroller, who shall be the Chairperson;
- (2) six persons appointed by the Governor with the advice and consent of the Senate who may not be members of the system or hold an elective State office and who shall serve for a term of 5 years, except that the terms of the initial appointees under this amendatory Act of the 96th General Assembly shall be as follows: 3 for a term of 3 years and 3 for a term of 5 years;
- (3) four active participants of the system having at least 8 years of creditable service, to be elected from the contributing members of the system by the contribution members as provided in Section 14-134.1; and
- (4) two annuitants of the system who have been annuitants for at least one full year, to be elected from and by the annuitants of the system, as provided in section 14-134.1."

As noted above, System officials stated the Executive Secretary formally communicated with the Governor's Office requesting appointment of a new member to fill the vacancy at the time the vacancy occurred more than six years ago and also followed-up when there was a change in administration but has not yet received an official response. Further, System officials stated the System Board has been able to establish a quorum and conduct the business of the System for every meeting held in Fiscal Year 2021.

Failure to operate with the full thirteen members of the Board of Trustees could impact the Board's ability to establish a quorum and timely conduct the business of the System. (Finding Code No. 2021-001, 2020-001, 2019-001, 2018-001, 2017-002, 2016-003)

State Employees' Retirement System of Illinois

**Schedule of Findings – State Compliance
Year Ended June 30, 2021**

Finding No. 2021-001 Board of Trustees Vacancy (Continued)

Recommendation:

We recommend the System continue to monitor changes in the make-up of the Board and work through and communicate changes by following the proper protocols related to the established requirements to fill voids.

System Response:

The System agrees with the finding. During fiscal year 2022, all Board vacancies were filled. The System will continue to monitor and report any appointed trustee vacancies to the Office of the Governor.

State Employees' Retirement System of Illinois

Schedule of Findings – State Compliance Year Ended June 30, 2021

Finding No. 2021-002 Inadequate Internal Controls over Access to Information Systems

The State Employees' Retirement System of Illinois (System) did not have adequate controls in place over user access to its Information Technology (IT) systems.

During the compliance examination, the System utilized a combination of systems administered both internally as well as externally. During a review of both internal and external systems, the auditors noted:

- For systems administered internally:
 - The System did not retain evidence an internal security review was performed during the examination period.
 - Two of fourteen (14%) terminated employees with access to the network and applications which were not deactivated timely upon their separation from the System. The timing of these deactivations ranged from three to four months after termination.
 - One of fourteen (7%) terminated employees maintained user accounts for various internal systems after network access was deactivated. The timing of the deactivation of the user account was nine months after termination.
 - For two of the terminations, appropriate actions were not subsequently taken to promptly remove access in response to the System's semi-annual review of user's access.
- For systems administered externally:
 - The System did not retain evidence of the results of the annual review of security software IDs.
 - One of two (50%) terminated employees had user accounts for one external system which was not deactivated timely upon separation from the System. The timing of this deactivation was three months after termination.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Access Control section, requires entities to develop access provisioning policies and procedures and ensure access is provided on a needed basis.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

System officials stated the issues identified were due to oversight.

Failure to regularly monitor system access, including disabling users' access in a timely manner, puts the System at risk of unauthorized access to its information systems. (Finding Code No. 2021-002, 2020-003)

Recommendation:

We recommend the System maintain evidence of security reviews completed during the year to support that continued monitoring is being performed and possible changes or updates are being made. In addition, we recommend the System implement controls to ensure all employees' user access is timely disabled upon separation from the System.

State Employees' Retirement System of Illinois

**Schedule of Findings – State Compliance
Year Ended June 30, 2021**

**Finding No. 2021-002 Inadequate Internal Controls over Access to Information Systems
(Continued)**

System Response:

The System agrees with the finding. System staff is working to implement a new help desk system in fiscal year 2022 which will provide better monitoring and accountability to ensure all access is timely removed upon employee separation. In addition to the existing semi-annual access right reviews performed, responsible staff will formally document external security reviews and retain support for audit evidence.

State Employees' Retirement System of Illinois

Schedule of Findings – State Compliance Year Ended June 30, 2021

Finding No. 2021-003 Lack of Adequate Controls over the Review of Internal Controls for Service Providers

The State Employees' Retirement System (System) had not implemented adequate internal controls over its service providers.

In order to carry out its mission, the System utilized service providers for hosting services and software as a service. We requested the System to provide the population of services providers utilized to determine if they had reviewed the internal controls over their service providers. In response to our request, the System provided a listing; however, they did not provide documentation demonstrating the population was complete and accurate.

Due to these conditions, we were unable to conclude the System's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36).

Even given the population limitations noted above, we performed testing over the service provider identified by the System.

During our testing, we noted the System was unable to provide documentation supporting the System had obtained and reviewed the System and Organization Control (SOC) report or conducted independent internal control reviews of the one (100%) service provider identified by the System.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their IT environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

The System indicated the weaknesses were due to competing priorities.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the System does not have assurance the service providers' internal controls are adequate. (Finding Code No. 2021-003)

State Employees' Retirement System of Illinois

**Schedule of Findings – State Compliance
Year Ended June 30, 2021**

**Finding No. 2021-003 Lack of Adequate Controls over the Review of Internal Controls for
Service Providers (Continued)**

Recommendation:

We recommend the System strengthen its controls in identifying and documenting all service providers utilized. Further, we recommend the System obtain SOC reports or conduct independent internal control reviews at least annually. In addition, we recommend the System:

- Monitor and document the operation of the Complementary User Entity Controls (CUECs) related to the System's operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impact to the System, and any compensating controls.

System Response:

The System agrees with the finding. The SRS Security Committee will develop a policy and methodology to determine a population of service providers. If determined necessary, System staff will then request SOC reports and document a review of these reports including their assessment of internal control weaknesses and complementary controls to mitigate such weaknesses

State Employees' Retirement System of Illinois

Schedule of Findings – State Compliance Year Ended June 30, 2021

Finding No. 2021-004 Weaknesses in Cybersecurity Programs and Practices

The State Employees' Retirement System (System) had not implemented adequate internal controls related to cybersecurity programs, practices and control of confidential information.

In order to meet its primary goal of "providing an orderly means whereby aged or disabled employees may be retired from active service without prejudice or hardship", the System utilized several IT applications which contained confidential and personal information.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the System's cybersecurity program, practices, and control of confidential information, we noted the System had not:

- Developed a formal, comprehensive, adequate and communicated security program (including policies, procedures, and processes as well as clearly defined responsibilities over the security of computer programs and data) to manage and monitor the regulatory, legal, environmental and operation requirements.
- Established a formal policy or procedure to review and ensure security incidents identified involving the System's systems or data were fully remediated and related vulnerabilities were assessed.

In addition, we noted the System was unable to provide the policy acknowledgement for 1 of 7 (14%) employees.

The Framework for Improving Critical Infrastructure Cybersecurity and the *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

The System indicated the weaknesses were the result of competing priorities.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the System's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2021-004)

Recommendation:

We recommend the System:

- Develop a formal, comprehensive, adequate, and communicated security program to manage and monitor the regulatory, legal, environmental and operational requirements.
- Establish a formal policy or procedure to review and ensure security incidents identified involving the System's systems or data were fully remediated and related vulnerabilities were assessed.
- Ensure all employees complete the policy acknowledgments.

State Employees' Retirement System of Illinois

**Schedule of Findings – State Compliance
Year Ended June 30, 2021**

Finding No. 2021-004 Weaknesses in Cybersecurity Programs and Practices (Continued)

System Response:

The System agrees with the finding. The System has implemented a Security Committee whose responsibilities include reporting and responding to current vulnerabilities and risks. In addition, this Committee will work to improve existing policies and draft new policies to strengthen the System's cybersecurity program. Each SRS employee is responsible for completing a policy acknowledgement upon beginning employment that contains relevant security policies. The System continues to educate its staff on cybersecurity policies and risks, and in July 2022, SERS implemented a newly created Information Safeguarding Training course to continually reinforce these policies and practices.

State Employees' Retirement System of Illinois

Schedule of Findings – State Compliance Year Ended June 30, 2021

Finding No. 2021-005 Disaster Recovery Planning Weaknesses

The State Employees' Retirement System (System) did not ensure proper Disaster Recovery policies and procedures were in place and reviewed to ensure the System's environment was protected.

During our examination, we noted the System had not:

- Reviewed or updated the Disaster Recovery Plan (Plan) on an annual basis despite being a requirement within the Plan.
- Ensured the Disaster Recovery Strategy depicted the current environment of the System.
- Developed a backup policy or procedure defining how backups were performed and how verification of backup success was completed.

The *Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology requires entities to have an updated and regularly tested disaster contingency plan to ensure the timely recovery of applications and data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

The System indicated the weaknesses were the result of oversight.

Without an adequately documented contingency plan, the System cannot ensure its critical systems could be recovered within an acceptable period, and therefore minimizing the impact associated with a disaster. Additionally, the lack of current environment information and backup policies and procedures could hinder the System's ability to timely recover in the event of a disaster. (Finding Code No. 2021-005)

Recommendation:

We recommend the System:

- Ensure the Disaster Recovery Plan is updated at least annually.
- Ensure the Disaster Recovery Strategy depicts the current environment of the System.
- Develop a backup policy or procedure defining how backups are performed and how verification of backup success is completed.

System Response:

The System agrees with the finding. The System successfully conducted disaster recovery tests and provided the results of such tests to the auditors during the fiscal year but did not update its related policy and plan. System officials will ensure the disaster recovery plan documents are reviewed and updated annually, as necessary. Staff will update the existing backup policy to expand upon how backups are performed and how successful backups are monitored.

State Employees' Retirement System of Illinois

Schedule of Findings – State Compliance Year Ended June 30, 2021

Finding No. 2021-006 Lack of Agreement to Ensure Compliance with IT Security Requirements

The State Employees' Retirement System (System) had not entered into a detailed agreement with the Department of Innovation and Technology (DoIT) to ensure prescribed requirements and available security mechanisms were in place in order to protect the security, processing integrity, availability, and confidentiality of its systems and data.

We noted the System had not entered into an Intergovernmental Agreement with the DoIT outlining roles and responsibilities of both parties during the examination period.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, System and Services Acquisition section, requires entities to enter into agreements documenting the specific security, integrity, and availability responsibilities of all parties.

The System indicated the weaknesses noted were due to oversight.

Without a formal agreement, the System does not have assurance of the adequacy of controls to ensure the security, processing integrity, availability, and confidentiality of its systems and data. (Finding Code No. 2021-006)

Recommendation:

We recommend the System enter into a detailed agreement with DoIT to ensure prescribed requirements and available security mechanisms are in place to protect the security, processing integrity, availability, and confidentiality of its systems and data.

System Response:

The System agrees with the finding. System officials will work to establish a memorandum of understanding or similar agreement with the Department of Innovation and Technology which outlines each parties' roles and responsibilities.

State Employees' Retirement System of Illinois

**Schedule of Findings – State Compliance
Year Ended June 30, 2021**

Prior Finding Not Repeated

a. Failure to Report Motor Vehicle Accident

In the prior compliance examination, the State Employees' Retirement System of Illinois (System) failed to submit a Motorist's Report of Illinois Motor Vehicle Accident form (Form SR-1) to the CMS Auto Liability Unit in a timely manner.

During the current compliance examination, our testing indicated the System did not have any drivers who were involved in any vehicle related accidents while the drivers were within the scope or course of their employment with the System. (Finding Code No. 2020-002)