

**LEGISLATIVE AUDIT COMMISSION**

**April 29, 2025**

**Meeting Room Access  
(LAC Members, Auditors, Invited Agency Officials and Media Personnel)**

**Live Streaming for Public and Media Viewing for the Meeting at:**

**[https://ilga.gov/commission/lac/lac\\_home.html](https://ilga.gov/commission/lac/lac_home.html)**

**Time: 9:00 am**

**Location: 114, Capitol Building (subject to change)  
Springfield, Illinois**

**AGENDA**

- I. LAC Resolution #168, performance audit of University of Illinois' Discovery Partners Institute, sponsor Senator Rose
- II. Review of Audits
  - A. Eastern Illinois University  
FY23 Compliance Audit - Review #4575
  - B. Illinois Board of Higher Education  
FY22-23 Compliance Audit – Review #4576
  - C. Illinois Community College Board  
FY22-23 Compliance Audit – Review #4577
- III. Consent Calendar
- IV. LAC Financial Statements: May 2024 – April 2025
- V. Minutes from LAC meeting on May 20, 2024

## VI. Other Items

A. Emergency Purchases: FY24-Q4, FY25-Q1, FY25-Q2

B. Auditor Generals' Quarterly Report: FY24-Q4, FY25-Q1, FY25-Q2, FY25-Q3

### C. Acknowledgement Reports

1. Golden Apple Scholars of Illinois Program Agreed-Upon Procedures for the Year ended June 30, 2024.
2. Information Submitted by the Retirement Plan for Chicago Transit Authority Employees 2024 Annual Review for the year ended November 26, 2024.
3. State Actuary's Report of the Actuarial Assumptions and Valuations of the State-Funded Retirement Systems for the year ending December 19, 2024.
4. State of Illinois State Universities Retirement System on allocation of Special Funding Situation for the year ended June 30, 2023.
5. Teachers' Retirement System of the State of Illinois Report on Allocation of Pension Amounts for the year ended June 30, 2024.
6. University of Illinois Auxiliary Facilities System Annual Financial Report for the year ended June 30, 2024.
7. University of Illinois Health Services Facilities System Annual Financial Report for the year ended June 30, 2024.

## Legislative Audit Commission

RESOLUTION NO. 168

Presented by Senator Rose

**WHEREAS**, The University of Illinois System's Discovery Partners Institute (DPI) and Illinois Innovation Network (IIN) were established as interdisciplinary public-private research institutes under the leadership of University of Illinois President Tim Killeen; and

**WHEREAS**, The DPI initiative planned to build a headquarters in Chicago and a network of innovation hubs across Illinois, financed through state appropriations and private donations; and

**WHEREAS**, In 2016, planning for DPI commenced with the objective of establishing a collaborative institution fostering academic and business partnerships, as well as research and development, to prepare students for high-demand tech careers, and to facilitate applied research at its Chicago headquarters and IIN hubs; and

**WHEREAS**, On October 19, 2017, University of Illinois President Tim Killeen and Governor Bruce Rauner announced the launch of the DPI initiative, emphasizing its mission to leverage research, computing, and commercial resources to create economic opportunities across Illinois by integrating research and development assets from Carbondale to Chicago and linking them with sources of capital; and

**WHEREAS**, According to the Chicago Sun-Times in December of 2017, it was brought to the Governor's Office's attention that the original intent of the DPI initiative had changed substantially due to private donors' influence; and

**WHEREAS**, In May 2018, the Illinois Legislature's FY19 budget was approved, which included \$500 million in capital funding for DPI and the establishment of IIN hubs across the state; and

**WHEREAS**, According to news outlets in August 2018, University of Illinois officials failed to provide lawmakers with clear answers regarding the DPI initiative. President Killeen outlined a proposal lacking concrete details, apart from indicating that the majority of the \$500 million appropriated by the General Assembly would be allocated for building facilities in Chicago and upgrading existing infrastructure across the state; and

**WHEREAS**, According to the Illinois Public Media in October of 2018, President Killeen stated that the initial \$6 million investment would be disbursed over four years and would not include state funding, which would primarily be used for staffing and other operating expenses; and

**WHEREAS**, In 2020 matching contributions from the state of Illinois, the University of Illinois System, private donors, and philanthropic sources brought the total investment to \$1.2 billion; and

**WHEREAS**, On February 5, 2020, capital projects for IIN and DPI were released, allocating funds for various institutions and projects across Illinois; and

**WHEREAS**, In 2022, DPI announced its headquarters would anchor “The 78,” a \$7 billion megadevelopment in Chicago, with construction expected to begin by 2024; and

**WHEREAS**, In 2024 the Chicago Tribune released a statement from the University of Illinois affirming The 78 DPI project revision, which planned to split it between a new quantum technology campus on the far South Side and classroom and office space downtown; and

**WHEREAS**, On January 31<sup>st</sup>, 2025, the Chicago Sun-Times published a report revealing that Illinois taxpayers have incurred a loss exceeding \$30 million due to the University of Illinois South Loop Project; and

**WHEREAS**, The DPI and IIN initiative’s mission and projects have undergone numerous changes in the past eight years since its creation, altering the direction of the initiative and raising concerns about transparency in the use of taxpayer dollars; and

**WHEREAS**, Illinois residents deserve respect and transparency regarding the taxpayer funds used for DPI and IIN; therefore, be it

**RESOLVED**, BY THE LEGISLATIVE AUDIT COMMISSION, that the Auditor General is directed to conduct a performance audit of the State monies provided to Discovery Partners Institute and the Illinois Innovation Network to examine the entities’ purpose and handling of funds appropriated by the General Assembly; and be it further

**RESOLVED**, That the audit include, but not be limited to, the following determinations:

1. A comprehensive accounting of all expenditures of State monies by the Discovery Partners Institute and the Illinois Innovation Network, assessing the adequacy and appropriateness of these expenditures;
2. A thorough evaluation of the allocation, utilization, and monitoring of the \$500 million appropriated to the Department of Commerce and Economic Opportunity and the Capital Development Board by the Illinois General Assembly, ensuring accuracy and accountability; and
3. An assessment of DPI’s Purpose, Goals, and Impact to include documentation of DPI’s original stated purpose and objectives at its inception; records of any mission, strategic, or operational changes since the initiative began; performance assessments highlighting

progress made toward achieving stated goals; and an assessment on the impact of any changes to its mission and projects since inception on the initiative and its funding to determine if DPI is meeting the purposes for which the State moneys were provided; and be it further

**RESOLVED**, That any State agency or entity having information relevant to this audit is urged to cooperate fully and promptly with the Auditor General's Office in the conduct of this audit; and be it further

**RESOLVED**, That the Auditor General to commence this audit as soon as possible and report his findings and recommendations upon completion in accordance with the provisions of Section 3-14 of the Illinois State Auditing Act; and be it further

**RESOLVED**, That a copy of this resolution be delivered to the Auditor General and the relevant State agencies involved in DPI and IIN.

# LEGISLATIVE AUDIT COMMISSION



Review of  
Eastern Illinois University  
For the year ended June 30, 2023

620 Stratton Office Building  
Springfield, Illinois 62706  
217/782-7097

**REVIEW #4575: EASTERN ILLINOIS UNIVERSITY - FY23 COMPLIANCE**

**REVIEW: 4575  
EASTERN ILLINOIS UNIVERSITY  
YEAR ENDED JUNE 30, 2023**

**RECOMMENDATIONS – 10**

**ACCEPTED - 4**

**IMPLEMENTED/PARTIALLY IMPLEMENTED – 6**

**REPEATED RECOMMENDATIONS – 8**

**PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 9**

This review summarizes the auditors' report of Eastern Illinois University for the year ended June 30, 2023, filed with the Legislative Audit Commission on April 25, 2024. The auditors conducted a compliance examination in accordance with state law and Government Auditing Standards.

**Introduction**

Eastern Illinois University is a comprehensive, regional service institution located in Charleston, Illinois. Established in 1895 as a teachers' college, today the University encompasses four colleges and a graduate school. The University's Board of Trustees is appointed by the Governor. The University's strategic plan, Plan 2028, revolves around four interconnected themes: Achieve, Engage, Create, and Resource. This approach encompasses 14 strategic initiatives identified by the campus community, supported by 35 target activities that will be evaluated annually using designated performance metrics or key performance indicators.

Dr. Jay Gatrell became President on July 1, 2023. He was President during the audit period and he remains President. Dr. Gatrell previously served as Provost and Vice President for Academic Affairs at EIU.

**Appropriations and Expenditures**

Appropriations (\$ thousands)	FY22		FY23	
	Approp	Expend	Approp	Expend
<b>GENERAL FUNDS</b>				
Operational Expenses	43,495.6	43,495.6	43,495.6	43,495.6
<b>Grants</b>				
Grow Your Own Teachers	500.0	0.0	0.0	0.0
<b>TOTAL GENERAL FUNDS</b>	<b>43,995.6</b>	<b>43,495.6</b>	<b>43,495.6</b>	<b>43,495.6</b>

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OTHER STATE FUNDS				
<b>Grants</b>				
Scholarship Grant Awards	7.0	7.0	7.0	7.0
<b>TOTAL OTHER STATE FUNDS</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>	<b>7.0</b>
<b>TOTAL</b>	<b>44,002.6</b>	<b>43,502.6</b>	<b>43,502.6</b>	<b>43,502.6</b>

**Accountants' Findings and Recommendations**

Condensed below are the 10 findings and recommendations included in the audit report. Of these, eight are repeated from the previous audit. The following recommendations are classified on the basis of information provided by Eastern Illinois University, via electronic mail received April 25, 2024.

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

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

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

**FINDING: (Inadequate internal controls over census data) – First reported 2020, last reported 2023**

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

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of

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inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

The auditors noted the University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, they noted these plans have characteristics of different types of pensions and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during fiscal year 2021 to project pension and OPEB-related balances and activity at the plans during fiscal year 2022, which is incorporated into the University's fiscal year 2023 financial statements.

During testing, auditors noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.
- During the previous cut-off testing of data transmitted by the University to SURS, auditors noted 2 instances of an inactive employee becoming active were reported to SURS after the close of the fiscal year in which the event occurred. The auditors also noted 4 instances whereby service credit was different by a total of 6.50 years. All of these instances have been previously reported, however still impacted the June 30, 2021 census data.
- During the testing of instructor eligibility testing, auditors noted 19 instructors were not reported as eligible to participate in SURS by the University. All of these instances have been previously reported, however still impacted the June 30, 2021 census data. SURS determined the total potential impact of this error was the instructors' service credit was off by a combined 41.5 years.

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

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

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

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

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the

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employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

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

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

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. Further, failure to report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act.

### **UNIVERSITY RESPONSE:**

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

### **UPDATED RESPONSE:**

The University is reviewing its reconciliation of census data provided by the State Universities Retirement System through fiscal year 2023.

- 2. The auditors recommend the University strengthen its internal controls to ensure financial statements are prepared in a complete and accurate manner and are subjected to an appropriate supervisory review. They also recommend the University's procedures address all elements of the University's financial reporting process.**

**FINDING:** *(Weaknesses in preparation of year-end financial statements) – First reported 2022, last reported 2023*

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Eastern Illinois University's year-end financial reporting in accordance with generally accepted accounting principles (GAAP) contained inaccurate information.

The University did not have adequate controls over the completeness and accuracy of year-end financial reporting which resulted in errors in the GAAP basis financial statements and supporting schedules provided to us during the audit. The University did not perform a sufficient supervisory review of all amounts recorded in its financial statements and footnotes. Also, as a result of audit differences identified by us as well as additional corrections subsequently identified by the University, the University provided us with several revisions to its draft financial statements, with significant modifications, before providing its final draft revision on January 10, 2024.

The auditors noted the following issues while testing the year-end financial reporting process, which were corrected by the University after auditors brought them to its attention:

- Restricted net position for the bond system was understated by \$3,308,576 and unrestricted net position was overstated by the same amount due to an adjustment made to the year ended June 30, 2022, financial statements but not carried forward to the current fiscal year.
- Tuition discounts for the MAP grant were understated by \$1,832,800, resulting in the overstatement of revenue and operating expenses by the same amount due to a calculation error.

The auditors also identified several errors in the footnotes to the financial statements as well as the Management Discussion and Analysis section of the financial report. The University corrected each of these items accordingly.

The State Comptroller Act (Act) (15 ILCS 405/19.5) requires State agencies to report, on or before October 31 each year, all financial information as directed by the Comptroller in order to compile and publish an annual comprehensive financial report in accordance with GAAP.

The Government Finance Officer Association's *Internal Control Deficiencies in Audits* advocates that governments establish and document a system of financial reporting that is sufficient to provide reasonable assurance that management is able to prepare financial statements in conformity with generally accepted accounting principles. A good system of internal control requires that management review all significant accounts and balances recorded and disclosed in the financial statements for completeness and accuracy.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states management is responsible for establishing and maintaining a system, or systems, of internal fiscal and administrative controls to provide assurance that, among other things, revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are

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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.

University officials stated these issues were caused by human error and changing staff.

As a result of these errors, the University's financial statements were inaccurate and required corrections. Additionally, weaknesses in the design or operation of internal controls could adversely affect the University's ability to fulfill its responsibility to prepare accurate and timely financial statements and could also negatively impact the Statewide financial statements.

### **UNIVERSITY RESPONSE:**

The University agrees with the auditor's recommendations and will work to strengthen the internal controls and supervisory reviews as the responsibility transitions between employees.

### **UPDATED RESPONSE:**

With financial reporting responsibilities transitioning, the University believes it has a more robust supervisory review of the financial statements.

- 3. The auditors recommend the University evaluate their population of service providers to ensure it is complete and accurate. They recommend the University ensure the agreements with service providers address the security, integrity, availability, confidentiality, and privacy controls over the University's applications and data. The auditors also recommend the University include a requirement for a System and Organization Control (SOC) report or an independent internal control review of the outsourced controls. Finally, they recommend the University obtain bridge letters through the end of the engagement period, if the SOC report does not extend through the end of the engagement period.**

**FINDING:** *(Lack of adequate review of service providers' internal controls) – First reported 2019, last reported 2023*

Eastern Illinois University (University) had not implemented adequate controls over its service providers.

The auditors requested the University's population of service providers utilized during the audit period to determine if the University had reviewed the internal controls of its service providers. In response, the University provided a population; however, the population contained inaccuracies. Due to this condition, they concluded the University's population was not sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, AT-C § 205)

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Even given the population limitations noted above, auditors performed testing of four service providers, noting:

- One (25%) service provider agreement did not contain the requirement to ensure security, integrity, availability, confidentiality, and privacy controls over the University's applications and data.
- Four (100%) service provider agreements did not contain a requirement for a System and Organization Control (SOC) report or an independent internal control review of the outsourced controls.
- The University could not provide a bridge letter which covered the entire fiscal year for two (50%) service providers.
- Specific University controls related to the Complementary User Entity Controls (CUEC) were not documented.

This finding was first noted during the fiscal year June 30, 2019, compliance attestation examination. In the subsequent years, the University has been unsuccessful in implementing a corrective action plan.

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 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 *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 Information Technology 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.

University management indicated that the inaccurate population listing was caused by a misunderstanding of what the definition of a service provider was under generally accepted auditing standards. Further, management indicated the testing issues noted above were due to a lack of responsiveness by service providers to University requests for information, and University policies and practices did not include all required control procedures and processes as a result of misunderstandings as described above.

Without having adequate controls over their service providers, the University does not have assurance the service providers' internal controls are adequate.

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### UNIVERSITY RESPONSE:

The University agrees with and continues to work toward compliance with the auditor's recommendations. As new agreements are renewed, the University seeks to include the recommended language. The University will continue to request bridge letters from service providers.

### UPDATED RESPONSE:

The University continues to work with the auditors to understand the scope of service providers. The University seeks to include recommended language in contract renewals. Information technology personnel attempt to obtain SOC reports and bridge letters when possible and review each.

- 4. The auditors recommend the University update University policies to include requirements for positive time reporting for faculty employees and require all employees to submit positive time reporting as required by the Act.**

### FINDING: *(Timesheets not required) – First reported 2005, last reported 2023*

Eastern Illinois University (University) did not require positive time reporting for all employees as required by the State Official and Employees Ethics Act (Act).

During testing, they noted the University only required positive time reporting for nonfaculty. University policies do not include requirements for positive time reporting for faculty employees. Faculty employees are required to certify they have met their work schedule obligations as set forth in their individual Assignment of Duties Form; however, they do not report their time to the nearest quarter hour in accordance with the Act.

This finding was first noted during the University's fiscal year 2005 State compliance examination, 18 years ago. As such, University officials have been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Act requires the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) requires State employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour. The IBHE adopted personnel policies for public universities on February 3, 2004, in accordance with the Act.

University officials stated faculty members work in accordance with their contract. The contract defines faculty responsibilities in terms of credit units; therefore, faculty members report that they worked in accordance with their contract.

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By not requiring positive time reporting from all its employees, the University does not have complete documentation of time spent by employees on official State business as required by the Act.

### **UNIVERSITY RESPONSE:**

The University agrees with the auditor's recommendation. Most of the University's faculty is covered under a collective bargaining agreement, which does not stipulate the positive time reporting requirement.

### **UPDATED RESPONSE:**

Most of the University's faculty continue to be covered under a collective bargaining agreement that does not stipulate the position time reporting requirement. In accordance with the collective bargaining agreement, faculty report that they met the requirements of their Assignment of Duties. Remaining employees comply with the statute.

- 5. The auditors recommend the University continue in its efforts to fully participate in the Initiative by submitting at least one course per Initiative major.**

**FINDING:** *(Noncompliance with the Illinois Articulation Initiative Act) – First reported 2020, last reported 2023*

Eastern Illinois University (University) did not comply with the Illinois Articulation Initiative Act (Act) requirements.

The Illinois Articulation Initiative (Initiative), through its [itransfer.org](http://itransfer.org) website, exists to ease the transfer of students among the State's associate and baccalaureate degree granting institutions. The Initiative consists of both a General Education Core Curriculum package, where completion of the entire package at one institution is fully accepted by 111 institutions across the State, and an Initiative major, which are common courses at the lower-division that can be used to ensure students are prepared for upper-division work at 79 institutions across the State.

During testing, they noted the University did not have a minimum of at least one course included within the related Initiative major for the art degree program.

This finding was first noted during the University's fiscal year 2020 State compliance examination, three years ago. As such, University officials have been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Act (110 ILCS 152/15) requires all public institutions to participate in the Illinois Articulation Initiative through submission and review of their courses for statewide transfer. All public institutions shall maintain a complete Illinois Articulation Initiative General Education Core Curriculum package, and all public institutions shall maintain up

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to four core courses in an Illinois Articulation Initiative major, provided the public institution has equivalent majors and courses.

University officials stated the course was not included due to the Illinois Articulation Initiative panel requiring additional information prior to course approval.

Failure to fully participate in the Initiative by submitting at least one course per Initiative major could hinder students from transferring to other institutions and represents noncompliance with the Act.

### **UNIVERSITY RESPONSE:**

The University agrees with the auditor's recommendation. The University's art submission was conditionally approved by the Illinois Articulation Initiative's Art Panel on March 20, 2024.

### **UPDATED RESPONSE:**

The University's art submission was conditionally approved by the Illinois Articulation Initiative's Art Panel on March 20, 2024.

- 6. The auditors recommend the University ensure all laptops and computer equipment have adequate security such as encryption installed.**

**FINDING:** *(Weaknesses in security over computers) – First reported 2021, last reported 2023*

Eastern Illinois University (University) had weaknesses over the security of computers.

As of the end of the examination period, auditors noted 1,546 of 2,756 (56%) computers required encryption to be installed.

This finding was first noted during the University's fiscal year 2021 State compliance examination, two years ago. As such, University officials have been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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 safeguard State property and resources against unauthorized use.

University officials stated due to the cost constraints of replacing computers, the amount of time it takes to complete the process and lack of resources, the process has not yet been completed.

Failure to encrypt University computers could lead to confidential information and/or personal identifiable information being compromised.

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### **UNIVERSITY RESPONSE:**

The University agrees with the auditor's recommendation. The University has prioritized and completed encryption of high-risk areas such as the Business Office, medical lab, etc. The University is in the process of replacing computers that are not capable of encryption and removing those computers from use. Due to budgetary constraints, this process is expected to be completed in October 2025.

### **UPDATED RESPONSE:**

Due to budgetary constraints, the University has prioritized and completed encryption in high-risk areas such as the Business Office. The University has developed a policy to replace computers on a cyclical basis and will removed computers not capable of encryption from service. The university expects to complete the first cycle of replacements in October 2025.

**7. The University has the ultimate responsibility for ensuring confidential information is protected from accidental or unauthorized disclosure. Specifically, they recommend the University:**

- **Include documentation of where data was maintained, whether it was electronic or hard copy and how it was protected in the data classification.**
- **Update the remote access policy to include logging and review of usage and update the access provisioning policy to include documentation periodic review of access rights.**
- **Retain documentation of cybersecurity training for contractors and external users.**
- **Document a formal risk management methodology and include identification of confidential and personal information within risk assessments.**

**FINDING:** *(Weaknesses in cybersecurity programs and practices) – First reported 2021, last reported 2023*

Eastern Illinois University (University) had not implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information.

The University maintains confidential information to assist in fulfilling its mission including, but not limited to, information pertaining to finance, student administration, financial aid, human resources, health services, and payroll.

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 the examination of the University's cybersecurity program, practices, and control of confidential information, auditors noted the University:

## REVIEW #4575: EASTERN ILLINOIS UNIVERSITY - FY23 COMPLIANCE

- Had not classified their data including where data was maintained, whether it was electronic or hard copy, or how it was protected.
- Had not addressed logging and review of usage within the remote access policy nor did they address periodic review of access rights within the access provisioning policy.
- Had not maintained documentation of contractors and external users completing training.
- Had not documented a formal risk management methodology. Additionally, the risk assessments performed by the University did not include identification of confidential and personal information.

This finding was first noted during the University's fiscal year 2021 State compliance examination, two years ago. As such, University officials have been unsuccessful in implementing a corrective action plan to remedy this deficiency.

*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 (NIST) 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.

Furthermore, generally accepted information technology guidance, including NIST, endorses the development of well-designed and well-managed controls to protect computer systems and data.

University officials indicated the noted weaknesses occurred due to the lack of resources to rectify all exceptions before the end of the engagement period. Additionally, University officials believed that the CIS Control Framework and NIST Cybersecurity Framework described in the University's Cybersecurity Plan were adequate documentation of their risk management methodology.

The lack of adequate cybersecurity programs and practices could result in unidentified risks and vulnerabilities and ultimately lead to the University's volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure.

### **UNIVERSITY RESPONSE:**

The University agrees with the auditor's recommendations and will continue to diligently protect data entrusted to it, both on paper and electronic.

## REVIEW #4575: EASTERN ILLINOIS UNIVERSITY - FY23 COMPLIANCE

### UPDATED RESPONSE:

The University works to protect data entrusted to it, both paper and electronic. The University has documented the information requested by the auditors during fiscal year 2024.

8. **The auditors recommend the University strengthen its internal controls over P-Card transactions to ensure compliance with the University's policies and procedures.**

**FINDING:** *(Inadequate internal control over university procurement card transactions) – First reported 2022, last reported 2023*

Eastern Illinois University (University) did not have adequate internal control over procurement card transactions.

The University operates a procurement card (P-Card) program which allows individuals throughout the University to make smaller purchases (defined as \$3,500 unless approval of an increase or prior approval for individual larger purchases is made) on a credit card which are directly paid by the University monthly. The P-Card program is designed to improve efficiency in purchasing low dollar goods and services.

In a sample of 40 transactions tested, auditors noted the following weaknesses and noncompliance:

- Twenty-three (58%) P-Card purchases, totaling \$7,278, were not approved in a timely manner, ranging from one to 39 business days late. The University could not provide approval dates for two of the purchases included in this exception.
- One (3%) P-Card purchase included sales tax totaling \$2.
- One (3%) P-Card purchase, totaling \$72, was approved by an individual who was not an authorized approver.

The University had approximately 263 active P-Card users. The University made 17,924 P-Card purchases totaling \$5,497,409 for the year ending June 30, 2023.

The University's Purchasing Card Policy and Procedures Manual (P-Card Manual) states transactions should be approved by an Approving Official, no later than the designated deadlines described in the billing cycle schedule. The P-Card Manual also states no sales tax should be charged to the purchasing card.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

## REVIEW #4575: EASTERN ILLINOIS UNIVERSITY - FY23 COMPLIANCE

University officials stated the departments failed to follow University policies.

Failure to properly follow University purchasing guidelines, review and approve P-Card transactions in accordance with the University policies could result in wasteful or unnecessary spending and represents a weakness in the University's internal controls.

### **UNIVERSITY RESPONSE:**

The University agrees with the auditor's recommendation. Procurement is reviewing the review and approval deadlines. The University attempts to get refunds of sales tax when possible.

### **UPDATED RESPONSE:**

University management approved a policy allowing Procurement greater consequences, including revoking an employee's procurement card, if the cardholder or supervisor does not follow University policy and approve transactions in a timely manner.

## **9. The auditors recommend the University comply with the Act to ensure internal audits are performed as required.**

### **FINDING:** *(Noncompliance with the Fiscal Control and Internal Auditing Act) - New*

Eastern Illinois University (University) failed to adhere to the provisions of the Fiscal Control and Internal Auditing Act (Act).

During the testing, auditors noted the University did not maintain a full-time program of internal auditing for two months of the fiscal year under examination. The University's internal auditing program consists of only the Chief Internal Auditor. As a result of not having a Chief Internal Auditor, the University did not have appropriate and sufficient resources during the period to achieve the approved audit plan. Four of 10 (40%) audits included in the approved audit plan were not conducted.

The Act (30 ILCS 10/2001) requires designated State agencies maintain a full-time program of internal auditing. The Act (30 ILCS 10/2003) further requires that audits of major systems of internal and administrative control are conducted on a periodic basis so that all major systems are reviewed at least once every two years.

University officials stated this was due to a staffing shortage and turnover in the internal auditing position.

Failure to maintain a full-time internal audit function increases the risk that significant internal control weaknesses will exist and errors and irregularities may go undetected and results in non-compliance with the Act.

### **UNIVERSITY RESPONSE:**

## REVIEW #4575: EASTERN ILLINOIS UNIVERSITY - FY23 COMPLIANCE

The University agrees with the auditor's recommendation. During the period noted above, the University's Office of Internal Auditing was vacant. The University was actively seeking candidates to fill the Chief Internal Auditor position. The position was filled effective January 1, 2024, and the Chief Internal Auditor is working on audits of the major systems to comply with the statute.

### **UPDATED RESPONSE:**

The University has hired a new Chief Internal Auditor, effective January 1, 2024. It is difficult to find someone who meets the statutory requirements in a rural area. The new Chief Internal Auditor is working to complete the audits of major systems to comply with the statute.

- 10. The auditors recommend the University enhance the internal controls to ensure faculty members with outside research or consulting services receive written pre-approval to conduct the requested activity and annually disclose time spent on these activities in accordance with the Act.**

### **FINDING:** *(Noncompliance with the University Faculty Research and Consulting Act) - New*

Eastern Illinois University (University) did not comply with the University Faculty Research and Consulting Act (Act).

During the testing of eight completed forms by eight employees requesting approval for outside employment, auditors noted the following exceptions:

- Three of eight (38%) forms were not submitted by faculty prior to the beginning of the outside service. These requests were made between five and 53 days after the outside employment began. Due to late submissions, these forms were also not approved by the University's President, or designee, timely.
- Two of eight (25%) forms submitted timely were approved by the University's President, or designee, from two to 68 days after the outside employment began.
- Eight of eight (100%) employees, whose outside employment ended during the fiscal year, did not complete the required annual statement identifying the amount of actual time spent on outside service.

The Act (110 ILCS 100/1) prohibits full time University faculty members from undertaking, contracting for, or accepting anything of value in return for research or consulting services for any person other than the University unless the faculty member:

- a. has submitted a request to the University President, or designee, which includes an estimate of the amount of time involved;
- b. received the prior written approval of the University President, or designee, to perform the outside research or consulting services; and,

## **REVIEW #4575: EASTERN ILLINOIS UNIVERSITY - FY23 COMPLIANCE**

- c. submits to the University President, or designee, an annual statement of the amount of time actually spent on outside research or consulting services.

University officials stated faculty is periodically notified of this requirement, however, the University cannot control when its faculty submits requests or discloses the hours worked on external research or consulting.

Failure to ensure faculty members performing outside research, consulting services, or employment obtain written pre-approval and file annual reports with the University President, or designee, of the amount of time spent during the preceding fiscal year on outside research, consulting service, or employment represents noncompliance with the Act.

### **UNIVERSITY RESPONSE:**

The University agrees with the auditor's recommendation. The University continues to regularly send emails to full-time faculty to remind them of their obligation under the Act. Over the past three years, the University has implemented an online application and approval system. The online system does send follow-up emails, and as of March 2024, the system requires the disclosure of time actually spent.

### **UPDATED RESPONSE:**

The University has a difficult time meeting the requirements of this statute because compliance is dependent on the actions of faculty members. The University sends full-time dependent on the actions of faculty members. The University sends full-time faculty members emails reminding them of their obligations under the statute. The University has implemented an online application and approval system, which has been modified to require the disclosure of actual time worked once the research or consulting project has been completed.

## **Emergency Purchases**

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the state that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to state property in order to protect against further loss of or damage to state property, to prevent or minimize serious disruption in critical state services that affect health, safety, or collection of substantial state revenues, or to ensure the integrity of state records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

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Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than five business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file a statement with the Procurement Policy Board and the Auditor General to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

Eastern Illinois University had no emergency purchases in FY23.

### **Headquarters Designations**

The State Finance Act requires all state agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each state agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

As of June 2023, the Eastern Illinois University had 34 employees assigned to locations others than official headquarters.

# LEGISLATIVE AUDIT COMMISSION



Review of  
Illinois Board of Higher Education  
For the Two Years Ended June 30, 2023

620 Stratton Office Building  
Springfield, Illinois 62706  
217/782-7097

**REVIEW:#4576**  
**ILLINOIS BOARD OF HIGHER EDUCATION**  
**For the Two Years Ended June 30, 2023**

**RECOMMENDATIONS – 17**

**ACCEPTED - 17**

**REPEATED RECOMMENDATIONS – 9**

**PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 11**

This review summarizes the auditors’ report of the Illinois Board of Higher Education for the two years ended June 30, 2023, filed with the Legislative Audit Commission on July 16, 2024. The auditors conducted a compliance examination in accordance with state law and Government Auditing Standards.

**Introduction**

The Illinois Board of Higher Education (IBHE) is responsible for planning and coordinating the state’s system of higher education and promotes the attainment of high-quality postsecondary credentials in response to student, employer, and economic development demands. The agency is overseen by a sixteen-member board, appointed by the Governor with the advice and consent of the Senate. The Board was created in 1961 and has program approval and grants operating authority for the nine public universities, 39 community colleges, and numerous independent colleges and universities. Additionally, in 2012, the Board became responsible for overseeing the private business and vocational schools offering programs and/or courses in Illinois which prepare individuals for a trade, occupation, vocation, profession; or improves, enhances or adds to skills and abilities related to occupational/career opportunities.

IBHE is responsible for the administration and enforcement of the Academic Degree Act, Private College Act, Private Business and Vocational Schools Act of 2012, and the Higher Education Distance Learning Act.

**Appropriations and Expenditures**

Appropriations (\$ thousands)	FY22		FY23	
	Approp	Expend	Approp	Expend
GENERAL FUNDS				
Admin & Enforc of P-20 Longitudinal Ed Data	381.8	381.7	381.8	369.8
Implementation of Strategic Plan	250	142.6	250	249.2
My Credits Transfer	183.3	183.3	183.3	183.3
Operational Expenses	2424.1	2332.9	2844.1	2820.8

Quad Cities Higher Ed Assessment	500	0	0	0
Quad Cities Higher Ed Assessment Reapprop	0	0	500	0
Common Application Initiative	1000	995.3	1000	830.1
<b>Grants</b>				
Competitive Grants for Nursing Schools	373.9	373.9	750	750
Cooperative Work Study	980.5	980.5	980.5	980.5
Creating Pathways & Access for Stud. Succ.	1433.6	904.3	1433.6	1430
Diversifying Higher Ed Faculty in IL (DFI)	1456.5	1427.5	1981.5	1704.4
Grow Your Own Teachers	2466.3	2466.3	2466.3	2466.3
IL Math & Science Academy Fusion	95.9	95.9	95.9	95.9
Mental Health Early Action on Campus	0	0	2340	0
Nurse Educator Fellowships	197.4	180	400	400
Quad Cities Graduate Study Center	73.8	73.8	73.8	73.8
University Center of Lake County	1055.7	1055.7	1055.7	1055.7
<b>TOTAL GENERAL FUNDS</b>	<b>12872.8</b>	<b>11593.7</b>	<b>16736.5</b>	<b>13409.8</b>
<b>OTHER STATE FUNDS</b>				
Admin & Enforc of Priv. College Act	100	2.3	100	0.7
Admin & Enforc of Academic Degree Act	600	163.3	600	100.3
Admin & Enforc of Priv. Bus. & Voc. Sch. Act	650	235.9	650	97.4
Comm. Behavioral Health Wkfc. Ed. Ctr.	0	0	10000	2,452.9
Distance Learning	100	83.3	150	0
IBHE Data and Research Cost Recovery Fund	30	0	30	0
<b>TOTAL OTHER STATE FUNDS</b>	<b>1480</b>	<b>484.8</b>	<b>11530</b>	<b>2,651.3</b>
<b>FEDERAL FUNDS</b>				
High Impact Tutoring	0	0	25000	10000
<b>Grants</b>				
ARPA - Grow Your Own Teachers	1,033.7	0	0	0
ARPA - Grow Your Own Teachers Reapprop	0.0	0	1,033.7	500
CARES Act - Gov's Emergency Ed Relief Fund	43000	11,065.4	43000	15000
Federal Contracts	30500	4,227.4	5500	105.7
Grants & Costs Ass. w/ Early Childhood Cons.	30000	301.9	60000	7131
<b>TOTAL FEDERAL FUNDS</b>	<b>104,533.7</b>	<b>15,594.7</b>	<b>134,533.7</b>	<b>32,736.7</b>
<b>TOTAL</b>	<b>118,886.5</b>	<b>27,673.2</b>	<b>162,800.2</b>	<b>48,797.8</b>

### Accountants' Findings and Recommendations

Condensed below are the 17 findings and recommendations included in the audit report. Of these, 9 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by the Illinois Board of Higher Education, via electronic mail received July 16, 2024.

1. The auditors recommend the Board design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, they recommend the Board approve proper bills within 30 days of receipt and approve vouchers for payment of interest due to vendors. Furthermore, they recommend the Board ensure interest due is paid to vendors. Finally, they recommend the Board ensure vouchers are properly supported with vendor invoices to avoid overpayments.

**FINDING:** *(Voucher Processing Internal Controls Not Operating Effectively) – New*

The Board of Higher Education's (Board) internal controls over its voucher processing function were not operating effectively during the examination period.

The Board implemented the Enterprise Resource Planning System (ERP) effective Fiscal Year 2023.

**Fiscal Year 2022**

**Non-Payroll Expenditures**

During their testing of 25 vouchers totaling \$324,193, the auditors noted the following:

- Two (8%) of the vouchers tested, totaling \$12,080, were not supported with the vendors' invoices.

The State Records Act (5 ILCS 160/8) requires the Board to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Board designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Board's activities.

- Nine (36%) of the vouchers tested, totaling \$110,682, were approved for payment between two to 282 days late.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70(b)) requires the Board to review a bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after receiving the bill.

- Two (8%) vouchers tested, totaling \$29,311, were paid late and the Board did not pay interest owed to the vendors, totaling \$1,736.

The State Prompt Payment Act (30 ILCS 540/3-2(1.05)) requires any bill approved for payment under the Act to be paid within 90 days of receipt of a proper bill or

invoice. If payment is not issued to the payee within this 90-day period, an interest penalty of 0.033% per day outstanding is applied, until the final payment is made.

### **Awards and Grants Expenditures**

During their testing of 30 awards and grants vouchers totaling \$1,483,042, the auditors noted the following:

- One (3%) of the vouchers tested, totaling \$23,959, had no approval from the Board head or designee.

The State Finance Act (30 ILCS 105/9.02(b)(1)) requires every voucher to have the signature of the officer responsible for approving and certifying vouchers and, if authority to sign the responsible officer's name has been properly delegated, the signature of the person actually signing the voucher.

- Four (13%) of the vouchers tested, totaling \$305,149, were approved for payment between 34 to 111 days late.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70(b)) requires the Board to review a bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after receiving the bill.

### **Fiscal Year 2023**

Due to the auditor's ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), they were able to limit their voucher testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board's internal controls related to voucher processing and subsequent payment of interest, they selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's Enterprise Resource Planning (ERP) System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

The auditors testing noted the following attributes were not properly entered into the ERP System. Therefore, the Board's internal controls over voucher processing **were not operating effectively**.

- 14 of 140 (10%) general vouchers
- 5 of 120 (4%) awards and grants vouchers

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Board to, after receipt of goods or services, verify the goods or services received met

the stated specifications and prepare a voucher for submission to the Comptroller's Office to pay the vendor, including providing vendor information, the amount expended, and object(s) of expenditure. Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Board maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date. Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State's resources.

Due to this condition, auditors qualified their opinion because they determined the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, the auditors conducted an analysis of the Board's expenditures data for fiscal year 2023 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

- The Board owed five vendors interest totaling \$1,009 in fiscal year 2023; however, the Board had not approved these vouchers for payment to the vendors.

The Act (30 ILCS 540) requires agencies to pay vendors who had not been paid within 90 days of receipt of a proper bill or invoice interest.

- The Board did not timely approve 295 of 327 (90%) vouchers processed during the examination period, totaling \$10,035,537. The auditors noted these late vouchers were approved between 1 and 324 days late.

The Code (74 Ill. Admin. Code 900.70) requires the Board to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

Board officials indicated these issues were due to key employee turnover and other competing priorities.

Failure to maintain vendor invoices could result in improper payments and represents noncompliance with the State Records Act. Failure to properly enter the key attributes into the State's ERP when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP, which can result in improper interest calculations and expenditures. Further, failure to timely process proper bills and approve vouchers for payment of interest due represents noncompliance with the Code and the Act.

#### **BOARD RESPONSE:**

The Board agrees with the finding. The Board has obtained additional training and hiring additional staff to ensure vouchers are processed properly in the State ERP System.

2. The auditors recommend the Board to design and maintain internal controls to provide assurance that its data entry of key attributes into ERP is complete and accurate.

**FINDING:** *(Receipt Processing Internal Controls Not Operating Effectively) – First reported 2021, Last 2023*

The Board of Higher Education's (Board) internal controls over its receipt processing function were not operating effectively during the examination period.

### **FISCAL YEAR 2022**

During testing of four refund receipts, the auditors noted one of four (25%) refund receipts tested, totaling \$15,000, did not have the date when the receipt was received by the Board. As such, they were unable to determine if the Board deposited the receipts in a timely manner.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Board "keep in proper books a detailed itemized account of all moneys received for or on behalf of the State of Illinois, showing the date of receipt, the payor, and purpose and amount, and the date and manner of disbursement."

### **FISCAL YEAR 2023**

Due to the auditor's ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), they were able to limit their receipt testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board's internal controls related to receipt processing, they selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the ERP System based on supporting documentation. The attributes tested were (1) amount, (2) fund being deposited into, (3) date of receipt, (4) date deposited, and (5) SAMS Source Code.

During their testing of 28 receipts during the year, the auditors noted 79 of 140 (56%) attributes were not properly entered into the ERP System. Therefore, the Board's internal controls over receipt processing **were not operating effectively**.

In addition, during their testing of 20 refund receipts during the year, the auditors noted 32 of 80 (40%) attributes were not properly entered into the ERP System. Therefore, the Board's internal controls over receipt processing **were not operating effectively**.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Board to maintain a detailed record of all moneys received, which is to include

date of receipt, the payor, purpose and amount, and the date and manner of disbursement. Additionally, Statewide Accounting Management System (Manual) (Procedure 25.10.10) requires the Board to segregate the moneys into funds and document the source of the moneys. Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance revenues, expenditures, and transfers of assets, resources, or funds applicable to the 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.

Due to this condition, the auditors qualified their opinion because they determined the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, the auditors conducted an analysis of the Board's receipts data for fiscal year 2023 to determine compliance with the Act. They noted:

- The Board's receipts data did not document the date on which the payment was received for 1,180 of 1,203 (98%) receipts. As such, they were unable to determine if the Board deposited the receipts in a timely manner.

The Act (30 ILCS 230/2(a)) requires the Board to maintain a detailed record of all money received, which is to include date of receipt, the payor, purpose and amount, and the date and manner of disbursement.

Board officials indicated these issues were due to key employee turnover and other competing priorities.

Failure to properly enter the key attributes into the State's ERP when processing a receipt hinders the reliability and usefulness of data extracted from the ERP, which can result in improper recording of revenues and accounts receivable. Failure to maintain adequate controls over its receipt processing procedures and related fiscal records represents noncompliance with applicable statutes and could also lead to errors in information reported.

#### **BOARD RESPONSE:**

The Board agrees with the finding. The Board has obtained additional training to ensure vouchers are processed properly in the State ERP System.

- 3. The auditors recommend the Board strengthen its internal controls and ensure reports are complete and filed timely. Further, they recommend the Board maintain accurate property control records.**

**FINDING:** *(Inadequate Controls over State Property) – First reported 2013, Last 2023*

The Board of Higher Education (Board) did not exercise adequate controls over the recording and reporting of State property.

During testing of C-15 reports, annual inventory certification, and general vouchers, the auditors noted the following:

- One of eight (13%) *Agency Reports of State Property* (Form C-15) was not timely filed with Office of Comptroller (Comptroller). The report was filed 87 days late.

The Statewide Accounting Management System (SAMS) Manual (Procedure 29.20.10) requires reports to be filed on a quarterly basis and should be submitted to the Office of Comptroller no later than the last day of the month following the last day of the quarter.

- The Board did not take appropriate measures to verify the property listing submitted to the Department of Central Management Services (CMS) was accurate. They noted the amounts reported on the property listing submitted to CMS did not agree with the December 2021 and December 2022 Form C- 15s, with discrepancies of \$40,829 and \$5,102 respectively. In addition, the December 2021 Inventory Certification Report was submitted 89 days late to CMS.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.460) requires the Board to make an annual physical inventory of State equipment in its possession and to provide CMS, on an annual basis, a listing of all equipment items with a value greater than the nominal value and equipment that is subject to theft with a value less than the nominal value, on dates designated by CMS.

- The detailed property records provided by the Board did not agree with the Form C-15 report filed with the Office of Comptroller for the fourth quarter of Fiscal Year 2023. A difference of \$38,417 was noted.

SAMS (Procedure 29.10.10) requires the Board to maintain detailed property records and update property records as necessary to reflect the current balance of the State property. The C-15 should be reconciled to the Board's records.

- For one of six (17%) equipment items purchased, totaling \$2,258, the Board was unable to provide the supporting invoice. As a result, auditors were unable to determine if asset was recorded at its proper value in the Board's property control records.

The State Records Act (5 ILCS 160/8) requires the Board to 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 Board's activities.

During testing of 56 equipment items, split between a sample of 28 items traced from the Board's property listing and 28 items in service at the Board, the auditors noted the

following issues:

- Four of 28 (14%) equipment items selected from the Board's property listing, totaling \$7,085, were unable to be located.
- One of 28 (4%) equipment items selected from the Board's property listing, totaling \$2,410, was found in a different location than the location listed in the Board's inventory records.
- One of 28 (4%) equipment items selected from the Board's property listing totaling \$9,892, was obsolete to the needs of the Board; however, this item was not included in the Board's surplus inventory report.
- One of 28 (4%) equipment items selected from the Board's property listing, totaling \$1,568, was included in the Board's surplus inventory report; however, this item was still listed in the Board's inventory records. In addition, the amount reported on the surplus inventory report did not agree with the amount reported on the inventory records for this item. A difference of \$1,324 was noted.
- One of 28 (4%) equipment items selected from the Board's property listing, totaling \$1,048, was recorded twice in the Board's inventory records.
- Twenty-two of 28 (79%) equipment items selected at the Board were not included on the Board's inventory records. Twenty-one (75%) of these items were also not included on the annual inventory report submitted to CMS.
- One of 28 (4%) equipment items selected at the Board did not have an inventory tag; as such, auditors could not trace this item to the Board's inventory records, and annual inventory record submitted to CMS.

SAMS (Procedure 29.10.10) requires the Board to maintain current property records, including the location, cost, and a short description of the asset.

The Code (44 Ill. Admin. Code 5010.230) requires the Board to correctly enter each item's identification number, location code number, description, purchase price, object code, and voucher number on its property listing.

Finally, this finding was first noted during the Board's compliance examination for the period ended June 30, 2013, over 10 years ago. As such, Board management has been unsuccessful in implementing a corrective action plan to remedy these problems.

Board officials indicated these issues were caused by key employee turnover and oversight.

Failure to submit statutorily required reports in a timely manner prevents the appropriate oversight authorities from receiving relevant feedback for monitoring of programs and can

have an effect on future decisions and reports. Inaccurate property reporting reduces the reliability of statewide property information. Failure to exercise adequate control over property and to maintain accurate property control records increases the potential for fraud and possible loss or theft of State property.

**BOARD RESPONSE:**

The Board agrees with the finding. The Board will strengthen its internal controls and ensure reports are complete and filed timely. The Board will also maintain accurate property control records.

- 4. The auditors recommend the Board ensure monthly reconciliations of its activity to the Comptroller's records are timely performed, reviewed and documented.**

**FINDING:** *(Inadequate Controls over Reconciliations) – New*

The Illinois Board of Higher Education (Board) did not perform monthly reconciliations of the Board's activity to the Office of the Comptroller's (Comptroller) records in accordance with the Statewide Accounting Management Systems (SAMS) Manual.

- The Board did not perform Fiscal Year 2022 monthly reconciliations for:
  - All (100%) Monthly Appropriations Status Reports (SB01).
- The Board did not perform Fiscal Year 2023 monthly reconciliations for:
  - 9 of 12 (75%) Monthly Appropriations Status Reports (SB01) for all funds.
  - One of twelve (8%) Monthly Appropriations Status Reports (SB01) consisting of 11 funds were reconciled between 20 to 26 days late.
- The Board did not perform Fiscal Year 2022 and Fiscal Year 2023 monthly reconciliations for:
  - All (100%) Monthly Agency Contract Reports (SC14).
  - All (100%) Monthly Revenue Status Reports (SB04).
  - All (100%) Monthly Cash Reports (SB05).

The SAMS (Procedure 07.30.20) requires the Board to reconcile its records on a monthly basis within 60 days of the month end. The SAMS Procedure also notes the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handled that

data properly. The Board's reconciliation is the primary control that ensures these requirements are being satisfied.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance 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 reports and to maintain accountability over the State's resources.

Board officials indicated these issues were caused by key employee turnover.

Failure to prepare and review the reconciliations in a timely manner could result in errors not being timely detected and corrected, hinders accountability over State funds, and represents noncompliance with State laws, rules, and regulations.

**BOARD RESPONSE:**

The Board agrees with the finding. The Board has hired and trained staff to complete reconciliation in a timely manner.

- 5. The auditors recommend the Board strengthen its control to ensure travel reimbursements are properly supported and timely submitted by the travelers. Further, they recommend the Board ensure request for travel outside of Illinois is submitted to GOMB at least 30 days in advance of the departure date.**

**FINDING:** *(Inadequate Control over Compliance with Travel Regulations) – New*

The Board of Higher Education (Board) did not have adequate controls over compliance with travel regulations.

During testing of 38 travel vouchers, the auditors noted the following:

- Five (13%) travel vouchers tested, totaling \$1,936, were approved for payment between 2 and 42 days late.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70(b)) requires the Board to approve the bill or deny the bill with defects, in whole or in part, within 30 days after receipt of the bill.

- Two (5%) out-of-state travel vouchers tested, totaling \$2,025, were not supported with requests for travel. In addition, one (3%) out-of-state travel vouchers tested, totaling \$808, travel request was not submitted 30 days in advance of the departure date to the Governor's Office of Management and Budget.

The Illinois Administrative Code (80 Ill. Admin. Code 2800.700(b)) requires travel outside of Illinois to be approved by the Governor's Office of Management and Budget (GOMB) prior to the travel. All requests are required to be submitted to GOMB's on-line travel system (eTravel) at least 30 days in advance of the departure date.

- Two (5%) of the travel reimbursements, totaling \$1,510, were submitted to the Board by the travelers 67 and 69 days after the last day of travel.

The Internal Revenue Service, Publication 535, Business Expenses, requires travelers to submit an adequate accounting of all business expenses within 60 days after the last date of travel.

- For 2 (5%) Out-of-State travel vouchers tested, totaling \$1,637, the Board did not have any documentation that requests for travel were prepared by the travelers and approved by the immediate supervisor and the Executive Director.

The Board's Personnel Policy (Travel) requires its employees to obtain approval of travel request from the immediate supervisor. In addition, requests for out-of-state travel must also be approved in writing and in advance by the Executive Director.

Board officials indicated the exceptions were due to high staff turnover.

Failure to exercise adequate internal controls over payments of travel expenditures increases the likelihood errors and other irregularities could occur and not be detected in a timely manner, and resulted in noncompliance with State laws, rules, and regulations.

#### **BOARD RESPONSE:**

The Board agrees with the finding. The Board has updated its travel procedures to ensure prior approval is submitted in writing and in advance to the Director as it is stated in the Personnel Policy. The staff has also received additional training to ensure that travel vouchers are processed properly and timely in the State Enterprise Resource Planning System.

- 6. The auditors recommend the Board strengthen controls to ensure reports are properly and timely submitted.**

**FINDING:** *(Noncompliance with Reporting Requirements) – First reported 2021, Last 2023*

The Board of Higher Education (Board) did not comply with various reporting requirements.

During testing, the auditors noted the following:

- The Board did not submit its Vehicle Use Policy to the Department of Central Management Services.

The State Vehicle Use Act (Act) (30 ILCS 617/10(b)) requires all vehicle use policies, other than those drafted by a constitutional officer, to be submitted to the Division of Vehicles within the Department of Central Management Services.

- The Board failed to file one of four (25%) Travel Headquarter Reports (Form TA-2) required to be filed with the Legislative Audit Commission (Commission).
- The Board untimely filed two of four (50%) Travel Headquarter Reports (Form TA-2) with the Legislative Audit Commission (Commission). These reports were filed 5 and 11 days late.

The State Finance Act (Act) (30 ILCS 105/12-3) requires the Form TA- 2 be completed and filed with the Commission for any individual whose headquarters has been designated as a location other than that at which official duties require the largest part of working time. The reports are required to be filed no later than July 15 for the period from January 1 through June 30 of that year and no later than January 15 for the period July 1 through December 31 of the preceding year.

- The Board did not timely deliver its Fiscal Year 2021 and Fiscal Year 2022 annual reports of its acts and doings to the Governor. Specifically, the Fiscal Year 2021 and Fiscal Year 2022 annual reports were submitted 17 and 6 days late, respectively.

The State Finance Act (Act) (30 ILCS 105/3(a)) requires the Board to deliver to the Governor an annual report of its acts and doings for the preceding fiscal year no later than January 14 for the Fiscal Year 2021 report, and January 7 for the Fiscal Year 2022 report.

- The Board did not submit two of four (50%) Debt Transparency Act (SCO- 961) reports tested and submitted two of four (50%) reports tested to the Office of Comptroller 1 and 4 days late.

The State Finance Act (30 ILCS 105/9.08) requires the Board to provide each month an SCO-961 Report to the Comptroller identifying: (i) current State liabilities held at the Board, by fund source; (ii) whether the liabilities are appropriated; and (iii) an estimate of interest penalties accrued under the State Prompt Payment Act under criteria prescribed by the Comptroller.

Further, the State Accounting Management System (Procedure 33.17.20) requires the Board to file the SCO-961 Report on the 10th calendar day of each month. If the 10th calendar day falls on a State holiday and/or weekend, the report is due on the business day prior to the State holiday and/or weekend.

- The Board did not timely submit to the Auditor General the Fiscal Control and

Internal Auditing Act (FCIAA) certifications. The Fiscal Year 2022 and Fiscal Year 2023 certifications were submitted 487 and 122 days late, respectively.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3003) requires the Board to submit the FCIAA certification, completed and signed, to the Auditor General's Office by May 1st of each fiscal year.

In addition, the Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure the Board timely submits the FCIAA certification to the Office of the Auditor General.

Board officials indicated the exceptions were due to key employee turnover and oversight.

Failure to timely and properly submit required reports can lead to misinformation and represents noncompliance with various requirements.

#### **BOARD RESPONSE:**

The Board agrees with the finding. The Board has put controls in place to ensure reports are properly and timely submitted in the future.

- 7. The auditors recommend the Board continue to work with the Governor to ensure members are timely appointed and members continue to serve until a new appointment is made. Further, the Board should work with its student advisory committee to have student representatives ready to serve a full one-year term commencing on July 1.**

#### **FINDING:** *(Board not Staffed as Required) – First reported 2019, Last 2023*

The Board of Higher Education (Board) was not staffed in accordance with the requirements set forth in the Board of Higher Education Act (Act).

During testing, the auditors noted the following Board staffing conditions existed as of June 30, 2023:

- Two public members whose terms expired on January 31, 2021, did not continue to serve after the expiration of their terms until their successors were appointed. One public member continued to serve until August 10, 2021, while a new public member was appointed on September 8, 2023, leaving the position vacant for 759 days. The other public member continued to serve until March 15, 2022, while a new public member was appointed on September 25, 2023, leaving the position vacant for 559 days.
- Two public members who were appointed by the Governor left prior to the expiry of their terms on January 30, 2023. One public member left January 18, 2023, and

the other public member left June 29, 2022. The Governor did not make appointments to fill the vacancies for the unexpired terms and these positions remained vacant.

- Two student members did not start their term on July 1, 2021, and were appointed September 14, 2021, leaving the positions vacant for 75 days in Fiscal Year 2022. Two student members did not start their term on July 1, 2022, and were appointed August 22, 2022. The previous student members did not stay until a successor is appointed and qualified, leaving the positions vacant for 52 days in Fiscal Year 2023.

The Act (110 ILCS 205/3(b)) states the members of the Board shall continue to serve after the expiration of their terms until their successors have been appointed. The Act (110 ILCS 205/3(c)) also states vacancies on the Board in offices appointed by the Governor shall be filled by appointment by the Governor for the unexpired term. Further, the Act (110 ILCS 205/3(d)) states each student member shall serve a term of one year beginning on July 1 of each year and until a successor is appointed and qualified.

During the previous examination, as well as the current examination, Board officials indicated they do not have the authority to reappoint existing members or appoint new members, as the Governor is charged with the duty to appoint all public members of the Board and a student advisory committee is charged with the duty to appoint new student members to the Board.

Failure to ensure the Board is staffed as required represents noncompliance with the Act and may hinder the Board's ability to achieve a quorum.

**BOARD RESPONSE:**

The Board agrees with the finding. The Board will work with the Governor's office to ensure members are timely appointed.

- 8. The auditors recommend the Board implement procedures to ensure the Reports are accurate and timely filed with the Governor's office and Secretary of State. Also, the Board should file corrected Reports with the Governor and Secretary of State within 30 days after the release of this compliance report.**

**FINDING:** *(Inadequate Controls over Annual Agency Workforce Reporting) – New*

The Board of Higher Education (Board) lacked adequate internal control over its annual Agency Workforce Report (Report).

During testing, the auditors noted the following:

***Fiscal Year 2021 Report (due in Fiscal Year 2022)***

- The Board did not complete the number of workers employed as professional and contractual. In addition, the equivalent percentages of the number of workers in all categories were not completed.
- The Report was submitted to the Governor and the Secretary of State 653 and 658 days late, respectively.

***Fiscal Year 2022 Report (due in Fiscal Year 2023)***

- The count of minorities in the Report was mathematically incorrect.
- The Board did not complete the number of workers employed as professional and contractual. In addition, the equivalent percentages of the number of workers in all categories were not completed.
- The Report was submitted to the Governor and the Secretary of State 289 and 294 days late, respectively.

The State Employment Records Act (Act) (5 ILCS 410/20) requires the Board to collect, classify, maintain, and file the annual Report covering the preceding fiscal year with the Governor and the Secretary of State with certain employment statistics for women, disabled persons, and minorities by January 1.

In addition, the Act (5 ILCS 410/15) requires the Board to collect and maintain the total number of persons employed by the Board who are part of the State workforce, and the number and statistical percentage of women, minorities, and physically disabled persons employed within the Board's workforce.

Also, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure information reported on the Report is accurate.

Board officials indicated these issues were caused by key employee turnover and formatting errors.

Filing an inaccurate and untimely Report inhibits the ability of the State to accumulate meaningful information to achieve a more diversified workforce, hinders governmental oversight, and resulted in noncompliance with the State laws, rules, and regulations.

**BOARD RESPONSE:**

The Board agrees with the finding. The Board has hired a Human Resource Director who will ensure the report is filed in a timely manner. The Board will also file corrected Reports with the Governor and Secretary of State within 30 days after the release of this

compliance report.

9. **The auditors recommend the Board conduct timely performance evaluation of employees and update its Personnel Policy to reflect the guidelines on performance evaluation.**

**FINDING:** *(Inadequate Controls over Performance Evaluations) - New*

The Board of Higher Education (Board) lacked adequate controls over evaluating employee performance.

During testing, auditors noted the Board did not have a policy in place with guidelines for frequency and timely completion of performance evaluations in Fiscal Year 2022. In Fiscal Year 2023, the Board did implement an annual performance evaluation for its employees, however, the Board did not update its Personnel Policy to reflect the guidelines on performance evaluation.

In addition, they noted 2 of 8 (25%) Fiscal Year 2023 performance evaluations tested were not signed; thus, they were unable to determine if the evaluations were timely completed.

Good internal controls require the establishment and continuous update of policy and procedure manuals to serve as a guide for agency operations and employee actions. Good internal controls also require that employee performance evaluations be conducted on at least an annual basis to serve as a foundation for the communication of performance expectations and employee development. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively and in compliance with applicable law.

Board personnel stated this issue was due to a vacancy in the responsible position which was not filled until February 1, 2024.

Employee performance evaluations are a systematic and uniform approach used for employee development and communication of performance expectations to employees. Failure to conduct timely employee performance evaluations delays formal feedback on an employee's performance, delays communication of areas for improvement, and delays communication of the next period's performance goals and objectives. In addition, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions.

**BOARD RESPONSE:**

The Board agrees with the finding. The Board has hired a Human Resource Director to develop an evaluation instrument that is in line with the Agency's newly created policy that will be approved in Fiscal Year 2025.

**10. The auditors recommend the Board implement controls to formalize its access provisioning policies and procedures, conduct regular reviews of access rights to its use of mainframe and CPS, and ensure timely deactivation of separated employees' user accounts.**

**FINDING:** *(Inadequate Controls over Access to Systems and Applications) – First reported 2021, Last 2023*

The Board of Higher Education (Board) did not implement adequate internal controls related to systems and applications access and control.

During the examination period, the auditors noted the Board had not formalized its access provisioning policies and procedures. In addition, they noted the Board did not document regular reviews of access rights to the Board's use of mainframe and Central Payroll System (CPS) resulting in one separated employee still having access to CPS.

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 and System and Communication Protection sections, requires entities to implement adequate internal controls over access to their environments, applications, and data such as to develop access provisioning policies and procedures and timely revocation of separated employee's user accounts.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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 to maintain accountability over the State's resources.

Board officials indicated the issues were due to competing priorities.

The lack of adequate controls over access could result in unauthorized access and disclosure of confidential information.

**BOARD RESPONSE:**

The Board agrees with the finding, The Board now has created off-boarding procedures to ensure former staff members no longer have access to the Agency System.

**11. The auditors recommend the Board implement controls related to**

cybersecurity programs, practices, and control of confidential information. Specifically, they recommend the Board:

- Develop a project management framework to ensure new applications are adequately developed and implemented in accordance with management's expectations.
- Develop a risk management methodology, conduct a comprehensive risk assessment, and implement risk reducing internal controls.
- Develop policies and procedures for reviewing and monitoring security implementation and violations.
- Conduct vulnerability scans to identify security vulnerabilities.
- Require employees and contractors to acknowledge receipt of the Board's policies.
- Develop a data classification policy or methodology to classify data to identify and ensure adequate protection of information.
- Ensure new employees complete cybersecurity training within the required seven-day timeframe.

**FINDING:** *(Weaknesses in Cybersecurity Programs and Practices) – First reported 2021, Last 2023*

The Board of Higher Education (Board) had not implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information.

The Board is statutorily responsible for "analyzing the needs and requirements of Illinois' higher education system and modifying policies that guide the state's system of public and private colleges and universities." The Board was established to plan and coordinate the State's system of colleges and universities. In order to carry out their mission, the Board utilizes several IT applications which contain 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 their examination of the Board's cybersecurity program, practices, and control of confidential information, auditors noted the Board had not:

- Developed a project management framework to ensure new applications are adequately developed and implemented in accordance with management's expectations.
- Developed a risk management methodology, conducted a comprehensive risk assessment, or implemented risk reducing internal controls.
- Developed policies and procedures for reviewing and monitoring security implementation and violations.

- Conducted vulnerability scans to identify security vulnerabilities.
- Required employees or contractors to acknowledge receipt of the Board's policies.
- Developed a data classification policy or methodology to identify and ensure adequate protection of information.

In addition, they noted 1 of 2 (50%) sampled new employees completed cybersecurity training 332 days late.

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 the Board 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.

Further, the Board's Cybersecurity Awareness Training Procedures requires them to complete cybersecurity training within seven days of starting employment.

Board officials indicated the issues for project management, risk management, data classification, security monitoring and vulnerability management were due to lack of defined cybersecurity framework. Other issues were due to oversight.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Board's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure.

**BOARD RESPONSE:**

The Board agrees with the finding. The Board will develop the project management, risk management, data classification, and security monitoring that is in line with the new standards.

**12. The auditors recommend the Board establish and implement monitoring procedures to ensure employees complete required training timely.**

**FINDING:** *(Noncompliance with Employee Training Requirements) – New*

The Board of Higher Education (Board) failed to comply with employee training requirements.

During testing of 8 employees' initial and annual trainings that were due in the examination period, the auditors noted:

- One (13%) employee completed initial ethics training 309 days late, and
- One (13%) employee completed initial harassment and discrimination prevention training 309 days late.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-10(c)) requires new employees to complete the initial ethics training within 30 days after commencement of their employment.

The Act (5 ILCS 430/5-10.5(a)) requires new employees to complete the harassment and discrimination prevention training within 30 days of commencement of their employment.

Board officials indicated these issues were caused by key employee turnover and oversight.

Failure to complete the ethics training may result in the employee not being made aware of specific ethical requirements. Harassment and discrimination prevention training provides education to allow employees to recognize harassment and discrimination and understand their rights and responsibilities.

#### **BOARD RESPONSE:**

The Board agrees with the finding. The Board has hired a General Counsel and Human Resource Director to ensure that staff training is completed in a timely manner.

**13. The auditors recommend the Board implement internal controls over its service providers. Specifically, they recommend the Board:**

- **Review all SOC reports to ensure the service providers' internal controls are adequate.**
- **Adequately document its assessment of the SOC report's deviation, operation of CUECs, and subservice organizations.**
- **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 to ascertain if a corrective action plan exists and when it will be implemented, any impact to the Board, and any compensating controls.**

**FINDING:** *(Lack of Adequate Controls over the Review of Internal Controls for Service Providers) – First reported 2021, Last 2023*

The Board of Higher Education (Board) did not implement adequate internal controls over its service providers.

The Board utilized service providers for hosting services, software as a service, and timekeeping software.

During the prior examination, the Board had not obtained System and Organization Control (SOC) reports or conducted independent internal control reviews of the service providers.

During the current year examination, the auditors testing indicated the Board had not:

- Reviewed two SOC reports of one (25%) service provider, and
- Adequately documented the assessment of the SOC report's deviations, Complementary User Entity Controls (CUECs), and subservice organizations for the four (100%) service providers.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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 information technology 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.

Board officials indicated the conditions noted were due to Information Technology staff oversight.

Without having adequate review of SOC reports or another form of independent internal controls review, the Board does not have assurance the service providers' internal controls are adequate.

**BOARD RESPONSE:**

The Board agrees with the finding. The IT Department is creating internal control over its Service Providers.

- 14. The auditors recommend the Board ensure accurate financial information is submitted to the Comptroller. Further, the Board should review and revise, as necessary, its current system to gather, compile, document, and review the financial information to be reported in the GAAP Reporting Package forms.**

**FINDING:** *(Weaknesses in Preparation of GAAP Reporting) – First reported 2021, Last 2023*

The Board of Higher Education (Board) did not correctly report Assistance Listing Numbers (ALN) and federal grant financial information in the year-end Generally Accepted Accounting Principles (GAAP) Reporting Packages to the Office of Comptroller (Comptroller) and in the Schedule of Expenditures of Federal Awards (SEFA).

The Board did not correctly report ALN and federal grant financial information during Fiscal Year 2023. While performing agreed-upon procedures auditors noted the following:

- The ALN of Fund 983 SCO-568 did not agree to the ALN on the grant/ interagency agreements. Auditors noted 10 grant/interagency agreements with different ALNs.

The Statewide Accounting Management Systems (SAMS) (Procedure 27.20.68) contains detailed instructions for proper completion of the Form SCO-568.

- The ALN of Fund 983 SCO-563C did not agree to the ALN on the grant/ interagency agreements. Auditors noted 10 grant/interagency agreements with different ALNs.

SAMS (Procedure 27.20.63) contains detailed instructions for proper completion of the Form SCO-563C.

- The “Amount to Sub” column of ALN 84.425D of Fund 983 SCO-567 did not show the subrecipient amount of \$5,806,000 as listed on the SEFA.

SAMS (Procedure 27.20.67) contains detailed instructions for proper completion of the Form SCO-567.

- The ALN of Fund 983 SCO-563 did not agree to the ALN listed on the SEFA. The SCO-563 listed the ALN as 84.425 while the SEFA listed the ALN as 84.425C and 84.425D.

SAMS (Procedure 27.20.63) contains detailed instructions for proper completion

of the Form SCO-563.

The Board of Higher Education (Board) did not correctly report Assistance Listing Numbers (ALN) and federal grant financial information in the year-end Generally Accepted Accounting Principles (GAAP) Reporting Packages to the Office of Comptroller (Comptroller) and in the Schedule of Expenditures of Federal Awards (SEFA).

The Board did not correctly report ALN and federal grant financial information during Fiscal Year 2023. While performing agreed-upon procedures the auditors noted the following:

- The ALN of Fund 983 SCO-568 did not agree to the ALN on the grant/ interagency agreements. They noted 10 grant/interagency agreements with different ALNs.

The Statewide Accounting Management Systems (SAMS) (Procedure 27.20.68) contains detailed instructions for proper completion of the Form SCO-568.

- The ALN of Fund 983 SCO-563C did not agree to the ALN on the grant/ interagency agreements. They noted 10 grant/interagency agreements with different ALNs.

SAMS (Procedure 27.20.63) contains detailed instructions for proper completion of the Form SCO-563C.

- The "Amount to Sub" column of ALN 84.425D of Fund 983 SCO-567 did not show the subrecipient amount of \$5,806,000 as listed on the SEFA.

SAMS (Procedure 27.20.67) contains detailed instructions for proper completion of the Form SCO-567.

- The ALN of Fund 983 SCO-563 did not agree to the ALN listed on the SEFA. The SCO-563 listed the ALN as 84.425 while the SEFA listed the ALN as 84.425C and 84.425D.

SAMS (Procedure 27.20.63) contains detailed instructions for proper completion of the Form SCO-563.

**BOARD RESPONSE:**

The Board agrees with the finding. The Board will ensure that all financial information is accurate prior to submitting it to the Comptroller's office and that information reconciles to the current year SEFA.

- 15. The auditors recommend the Board strengthen its controls to ensure the employees timely submit timesheets documenting time worked on State**

**business for each work week.**

**FINDING:** *(Inadequate Controls over Attendance Records) – New*

The Board of Higher Education (Board) did not have adequate controls over its employee attendance records.

During testing of eight employees who required 23 weekly time sheets, 20 (87%) of the time sheets were completed 2 to 167 days late.

The State Officials and Employees Ethics Act (5 ILCS 430/5-5(c)) requires the Board's employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

Further, the Board's Personnel Policies (Documentation of Time Worked) requires its employees to report their time worked on State business for each work week and submit timesheets to their designated supervisor for approval.

Board officials indicated the exception was due to high staff turnover and oversight.

Failure to timely complete timesheets increases the risk of the Board paying for services not rendered by employees.

**BOARD RESPONSE:**

The Board agrees with the finding. The Board has hired a Human Resource Director to ensure that staff is reporting their time on a weekly basis.

- 16. The auditors recommend the Board strengthen its internal controls to enforce compliance with rules and regulations regarding the administration of State grants awarded, including ensuring grant agreements are signed by all parties prior to the start of the grant periods and working with grantees to ensure required reports are submitted timely.**

**FINDING:** *(Failure to Enforce Compliance with Grant Agreements) – First reported 2019, Last 2023*

The Board of Higher Education (Board) did not enforce compliance with rules and regulations regarding the administration of State grants awarded.

The auditors selected a sample of four of the Board's grant programs active during Fiscal Year 2022 and Fiscal Year 2023 to test. These four grant programs resulted in 12 grant agreements between the Board and various entities. During their testing, auditors noted

the following conditions:

- For 12 of 12 (100%) grant agreements tested, the agreements were not signed prior to the start of the grant period. The grant agreements were signed between 5 and 61 days late.

The Fiscal Control and Internal Auditing act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law. In addition, good business practices dictate that grant agreements should be agreed upon and signed by all parties prior to the start of the period covered by the grant agreement.

- The auditors noted 10 of 48 (21%) quarterly reports tested were submitted 1 to 188 days late.

The grant agreements specified the quarterly reports should be submitted no later than 30 calendar days following the 3-month period covered by the report, specifically the required dates noted in Exhibit B of the agreement.

- They noted two of four (50%) audit reports tested were submitted 113 and 433 days late.

The grant agreement specified the audit report was to be submitted within the earlier of (i) 30 calendar days after receipt of the auditor's report(s) or (ii) 6 months after the end of the Grantee's audit period.

Twenty-nine of 52 (56%) periodic and final financial reports tested did not contain the required certification by the grantee.

The grant agreements required the following certification: "By signing this report (or payment request), I certify to the best of my knowledge and belief that the report (or payment request) is true, complete, and accurate; that the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the State or federal pass-through award; and that supporting documentation has been submitted as required by the grant agreement. I acknowledge that approval for any item or expenditure described herein shall be considered conditional subject to further review and verification in accordance with the monitoring and records retention provisions of the grant agreement. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Section 3729-3730 and 3810-3812)." Additionally, the Grant Accountability and Transparency Act (30 ILCS 708/120) requires all periodic and final financial reports, and all payment requests under the grant agreement to include the previously stated certification.

During the previous examination, Board officials indicated the COVID-19 pandemic and employee oversight limited operations being performed timely. During the current examination, Board officials indicated the exceptions were due to staff turnover.

Failure to ensure grant agreements are signed timely could result in improper use and payment of grant funds. Failure to enforce compliance with its grant agreements could impact the Board's ability to monitor the grants properly.

**BOARD RESPONSE:**

The Board agrees with the finding. The Board has implemented policies and procedures to ensure grantee reports are aligned with the Grant Agreements.

**17. The auditors recommend the Board ensure interagency agreements are signed by all parties prior to the effective date of each agreement.**

**FINDING:** *(Interagency Agreement not Signed Timely) – New*

The Board of Higher Education (Board) did not ensure interagency agreement was signed timely.

During testing, auditors noted one of four (25%) interagency agreements was not signed by all parties prior to the effective date of the agreement. The agreement was signed 19 days after its effective date.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently and effectively and obligations and costs are in compliance with applicable laws. Good internal controls require the approval of agreements by both parties prior to each agreement's effective date.

Board officials indicated the delay in signing the agreement was due to competing priorities.

Failure to timely sign interagency agreements prevents all parties from timely assessing whether the agreement is reasonable and appropriate and increases the risk each party's responsibilities will not be properly or accurately documented prior to services being rendered.

**BOARD RESPONSE:**

The Board agrees with the finding. The Board has updated the contract template language to ensure that grants won't begin until the contract is fully executed. The template has been completed and utilized with all agreements in Fiscal Year 2024.

## **Emergency Purchases**

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the state that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to state property in order to protect against further loss of or damage to state property, to prevent or minimize serious disruption in critical state services that affect health, safety, or collection of substantial state revenues, or to ensure the integrity of state records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than five business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file a statement with the Procurement Policy Board and the Auditor General to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

The Board had no emergency purchases in FY22 or FY23.

## **Headquarters Designations**

The State Finance Act requires all state agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each state agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

As of July 2023, the Board had no employees assigned to locations others than official headquarters.

# LEGISLATIVE AUDIT COMMISSION



Review of  
Illinois Community College Board  
Two Years Ended June 30, 2023

622 Stratton Office Building  
Springfield, Illinois 62706  
217/782-7097

**REVIEW: FY22-23 ILLINOIS COMMUNITY COLLEGE BOARD, REV #4577**

**REVIEW: #4577  
ILLINOIS COMMUNITY COLLEGE BOARD  
TWO YEARS ENDED JUNE 30, 2023**

**FINDINGS/RECOMMENDATIONS – 12**

**IMPLEMENTED – 12**

**REPEATED RECOMMENDATIONS – 0**

**PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 1**

This review summarizes the auditors’ report on the Illinois Community College Board (ICCB) for the two years ended June 30, 2023, filed with the Legislative Audit Commission on July 16, 2024. The auditors conducted a compliance examination in accordance with state law and *Government Auditing Standards*.

The Illinois Community College Board (Board) was established in 1965 to create a system of community colleges accessible to every resident of Illinois. Today, the Illinois community college system covers the entire State with 48 community colleges and one multi-community college center in 39 community college districts. The 12-member citizen Board is appointed by the Governor. The Board’s powers and duties are defined by the Public Community College Act (110 ILCS 805/2-1 et seq.)

Dr. Brian Durham served Executive Director of the ICCB during the audit period and since December 2018. Dr. Durham previously served as Deputy Director for Academic Affairs.

**Appropriations and Expenditures**

Appropriations (\$ thousands)	FY22		FY23	
	Approp	Expend	Approp	Expend
GENERAL FUNDS				
Personal Services and Fringe Benefits	1242.3	1153.7	1442.1	1276.6
Contractual Services	351.2	347.8	397.1	345.3
Other Operations and Refunds	665.4	556.1	649.4	626.9
Career and Technical Education in Chicago	0	0	5000	5000
College Bridge Programs	0	0	5000	5000
Competitive Grant Prog. For Stud. Supp. Ser.	23794.4	23644.4	23794.4	23764.1
Educational Facility in East St. Louis	1457.9	1457.9	1457.9	1204.9
Grants for Transitional Math & English Dev.	1000	918.7	1000	908.8
High School Equivalency Testing	1148	934.9	1148	769.5
Illinois Longitudinal Data System	560.3	439	560.3	515.4
Operational Exp. For PATH Workforce Prog.	0	0	150	89.1

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P-20 Council Support	150	70	150	0
Pipeline for Advanc. Of Healthcare (PATH)	0	0	25000	23991.1
Richland Community Coll. GYO Program	0	0	500	500
Southwestern IL Comm. Coll. In Lindenwood	0	0	5900	5900
Trade Schools	0	0	5000	4999.1
<b>Grants</b>				
Adult Ed - Grants to Eligible Providers	22651	22470.9	23783.6	23679.1
Adult Ed - Performance Based Grants	11236.7	11236.7	11798.5	11798.5
Alternative Schools Network	3000	3000	4000	4000
Career and Technical Education (CTE)	18069.4	17972.1	18972.9	18812.1
City Colleges of Chicago - Ed-related Exp.	13928.7	13928.7	13928.7	13928.7
Comm. Coll. - Base Operating Grants	83367.2	83367.2	83367.2	83367.2
Comm. Coll. - Equalization Grants	74764.1	74764.1	74764.1	74764.1
Comm. Coll. - Small College Grants	548.4	548.4	548.4	548.4
Heartland Community College	0	0	150	0
Illinois Resource Center	0	0	1000	583
Mental Health Action on Campus Act Costs	0	0	6660	6653.3
Performance Based Funding	359	359	359	359
Scholarships to Qualif.Grad. of Lincoln's Chal.	60.2	3	60.2	6
Southwestern IL Coll. Facil. In Belleville	0	0	150	0
Veterans' Grants Reimbursements	4264.4	3822.2	4264.4	3419.3
<b>TOTAL GENERAL FUNDS</b>	<b>262618.6</b>	<b>260994.8</b>	<b>320956.2</b>	<b>306371.9</b>
<b>OTHER STATE FUNDS</b>				
High School Equivalency Testing	100	46.8	100	86.9
Maintenance & Update for Instruc. Tech.	100	0.0	100	5.6
Ordinary & Contingent Exp. Of ICCB	525	263.7	525	242.3
Receipt of Grants for Ord. & Cont. Expenses	10000	1843.1	10000	3,119.9
<b>Grants</b>				
Base Operativng Grants	105570	105,570.0	105570	105570
CARES Act - Gov's Emergency Ed Relief Fund	27000	10,573.7	27000	5415.2
Grants & Admin. Costs Assoc. w/ Early Child.	25000	3835	50000	10584.5
<b>TOTAL OTHER STATE FUNDS</b>	<b>168295</b>	<b>122,132.3</b>	<b>193295</b>	<b>125,024.4</b>
<b>FEDERAL FUNDS</b>				
Adult Ed & Literacy Activities	1600	840.1	1600	657
ARPA - College Bridge Programs	10000	0	0	
ARPA - College Bridge Programs - Reapprop.	0	0	10000	2653.4
<b>Grants</b>				
Adult Education	26,800.0	20897.7	26800	26798.5
Career and Technical Education	22,000.0	18917.5	22,000.0	18787.8
<b>TOTAL FEDERAL FUNDS</b>	<b>60,400.0</b>	<b>40,655.3</b>	<b>60,400.0</b>	<b>48,896.7</b>
<b>TOTAL</b>	<b>491,313.6</b>	<b>423,782.4</b>	<b>574,651.2</b>	<b>480,293.0</b>

### Accountants' Findings and Recommendations

Condensed below are the 12 findings and recommendations included in the audit report. Of these, none are repeated from the previous audit. The following recommendations are classified on the basis of information provided by the Illinois Community College Board, via electronic mail received July 16, 2024.

- 1. The auditors recommend the Board implement and enforce internal controls to ensure all reporting requirements are adhered to. They further recommend the Board ensure grant application and budget deadlines and agreement start dates allow sufficient time for approval of grant agreements by all parties prior to the effective date.**

**FINDING:** *(Inadequate Controls over Initiating and Monitoring Grants) – New*

The Illinois Community College Board (Board) did not exercise adequate controls over initiating and monitoring grant agreements.

The auditors selected a sample of 24 of the Board's grant programs active during Fiscal Years 2022 and 2023 to test. These 24 grant programs resulted in 60 grant agreements between the Board and various entities. During their testing, auditors noted the following weaknesses:

- For 53 of 60 (88%) grant agreements tested, the agreements were not signed prior to the start of the grant period. The grants were signed between two and 446 days late.
- For two of 24 (8%) grant programs tested, the reports did not contain the certification required by the grant agreement.
- For 20 of 24 (83%) grant programs tested, the grantees either did not provide required documentation to the Board, required reporting did not meet the timeframes and/or specifications outlined in the grant agreement, or documentation was not retained by the Board to demonstrate the required documentation was received and met all related requirements. It is the Board's responsibility to enforce the submission of all required documentation and maintain adequate record-keeping over its grant programs.

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Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p><b>Adult Education – Basic Grants to States</b></p> <p>Purpose: Basic skills instruction, English language acquisition instruction, high school equivalency instruction, etc.</p>	<p>Consolidated Year-End Financial Report (CYEFR) submitted within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the awardee's fiscal year-end</p> <p>Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</p> <p>Close-out reports submitted within 60 days following the end of the grant period</p>

Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p><b>Adult Education – Basic Grants to States and Integrated English Language and Civics Education (IELCE)</b></p> <p>Purpose: Basic skills instruction, English language acquisition instruction, high school equivalency instruction, etc.</p>	<ul style="list-style-type: none"> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>
<p><b>Adult Education Leadership (AEL)</b></p> <p>Purpose: To support the improvement and innovation of professional development and technical assistance for the Adult Education and Literacy Priority areas.</p>	<ul style="list-style-type: none"> <li>• CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the awardee's fiscal year-end</li> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> <li>• Close-out reports submitted within 60 days following the end of the grant period</li> </ul>
<p><b>Career and Technical Education (CTE) Perkins – Basic Grants to States</b></p> <p>Purpose: To develop more fully the academic knowledge and technical and employability skills of secondary and postsecondary education students who elect to enroll in CTE programs and programs of study.</p>	<ul style="list-style-type: none"> <li>• CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the awardee's fiscal year-end</li> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>

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Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p><b>CTE Illinois Department of Corrections (IDOC)</b></p> <p>Purpose: Improvement of Academic and Technical Skills of Students participating in CTE Programs, Collaborations and Partnerships, Program Quality and Continuous Improvement, and Faculty and Staff Professional Development.</p>	<ul style="list-style-type: none"> <li>• CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the awardee's fiscal year-end</li> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>
<p><b>CTE Perkins – Leadership</b></p> <p>Purpose: To conduct research on community college CTE programs and provide equity conscious technical assistance to the postsecondary CTE field.</p>	<ul style="list-style-type: none"> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>

Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p><b>Licensed Practical Nursing (LPN) Grant –State CTE</b></p> <p>Purpose: To utilize grant funds for costs associated with administering Licensed Practical Nursing, Certified Nurse Assistant, and various other Nursing programs in Illinois.</p>	<ul style="list-style-type: none"> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>
<p><b>Alternative Schools Network (ASN)</b></p> <p>Purpose: The Alternative Schools Network (ASN) will serve as the administrative coordinating organization for the Re-Enrolled Student Project (RSP).</p>	<ul style="list-style-type: none"> <li>• CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the awardee's fiscal year-end</li> <li>• Quarterly reports submitted by the 15<sup>th</sup> day of the month following the end of the quarter</li> <li>• Close-out reports submitted by the 60<sup>th</sup> day of the month following the end of the grant period</li> </ul>

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Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p><b>H-1B Job Training</b></p> <p>Purpose: Continue developing an Apprenticeship Program as per the scope of work. An Apprenticeship Coordinator will lead the project, working closely with an Academic Administrator and one or more academic representatives.</p>	<ul style="list-style-type: none"> <li>• CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the awardee's fiscal year-end</li> </ul>
<p><b>Early School Leaver Transition Program (ESLTP)</b></p> <p>Purpose: The program is specifically aimed at helping out-of-school youth to become reoriented and motivated to complete their education by allowing students to participate in adult education instruction as well as career and work training activities.</p>	<ul style="list-style-type: none"> <li>• CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the awardee's fiscal year-end</li> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>

Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p><b>High School Equivalency (HSE)</b></p> <p>Purpose: To coordinate the implementation of high school equivalency testing services, with the goal of increasing the overall number and outcomes of high school equivalency test takers by improving the affordability of the exams.</p>	<ul style="list-style-type: none"> <li>• CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the awardee's fiscal year-end</li> <li>• Annual performance and financial reports submitted by July 31, 2022</li> <li>• Final performance and financial reports submitted by October 31, 2022</li> </ul>
<p><b>Illinois Tutor Initiative</b></p> <p>Purpose: The Illinois Tutoring Initiative is one of four state pillars aligned with the Illinois P-20 Council's Learning Renewal Guide to support P-20 student academic and overall well-being.</p>	<ul style="list-style-type: none"> <li>• CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the awardee's fiscal year-end</li> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>

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Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p><b>Innovative Bridge and Transition</b></p> <p>Purpose: Create or support programs that improve student transitions to and through postsecondary education (up to post baccalaureate) and into employment, programs that support these transitions for individuals with disabilities and scale programs that promote equity and diversity among those served.</p>	<ul style="list-style-type: none"> <li>• CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the awardee's fiscal year-end</li> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>
<p><b>Learning Renewal and Governor's Emergency Education Relief Funds (GEER) II</b></p> <p>Purpose: To address the pandemic's negative impacts, federal dollars have been allocated to education, the majority of which will flow directly to districts and higher ed institutions.</p>	<ul style="list-style-type: none"> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> <li>• Close-out reports submitted within 60 days following the end of the grant period</li> </ul>
<p><b>Developmental Education Reform Act (DERA)</b></p> <p>Purpose: To support ongoing implementation of the Developmental Education Reform Act (DERA) passed in the state in 2021.</p>	<ul style="list-style-type: none"> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>

Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p><b>Transitional Instruction</b></p> <p>Purpose: To support instruction, pathway development, and portability submission.</p>	<ul style="list-style-type: none"> <li>• CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor's reports or 6 months after the end of the awardee's fiscal year-end</li> <li>• Quarterly reports submitted by the 15<sup>th</sup> day of the month following the end of the quarter</li> <li>• Close-out reports submitted within 60 days following the end of the grant period</li> </ul>

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<b>Grant Name &amp; Purpose of Grant</b>	<b>Required Documentation Noted as Deficient</b>
<p><b>Workforce Equity Initiative (WEI)</b></p> <p>Purpose: The overall goal is to accelerate the time for the targeted population to enter and succeed in postsecondary education/training programs that lead to employment in high skilled, high wage, and in-demand occupations.</p>	<ul style="list-style-type: none"> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> <li>• Close-out reports submitted by March 31, 2023</li> </ul>
<p><b>College Bridge Program</b></p> <p>Purpose: To provide minority, first generation, and low-income students with the skills and resources to succeed as they transition into the community college from their high school, or for adults beginning or returning to college, as they transition into college.</p>	<ul style="list-style-type: none"> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>
<p><b>Early Childhood (EC) Education</b></p> <p>Purpose: To support the grantee in providing streamlined paths to degrees, licenses, and credentials to members of the early childhood incumbent workforce in the field of EC education.</p>	<ul style="list-style-type: none"> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>
<p><b>Southwestern Illinois College</b></p> <p>Purpose: To make the location a law enforcement training and workforce development campus.</p>	<ul style="list-style-type: none"> <li>• Quarterly reports submitted by the 30<sup>th</sup> day of the month following the end of the quarter</li> </ul>

The Grant Accountability and Transparency Act (30 ILCS 708/45(g)) requires the Board to enhance its processes to monitor and address noncompliance with reporting requirements and with program performance standards. Where applicable, the process may include a corrective action plan. The monitoring process shall include a plan for tracking and documenting performance-based contracting decisions.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are used efficiently, effectively, and in compliance with applicable law. In addition, good business practices require the Board and its grantees to sign grant agreements prior to the beginning of the grant period covered by the agreement.

Further, the State Records Act (Act) (5 ILCS 160/9) requires the Board to make and preserve records containing adequate and proper documentation of the organization, functions,

## REVIEW: FY22-23 ILLINOIS COMMUNITY COLLEGE BOARD, REV #4577

policies, decisions, procedures, and essential transactions of the Board designed to protect the legal and financial rights of the State and of persons directly affected by the Board's activities. The Act also requires the Board to establish and maintain an active, continuing program for the economical and efficient management of the records of the Board. Such program shall provide for effective controls over the creation, maintenance, and use of records.

Board officials indicated the Board was unable to obtain all signatures prior to the start of the grant period due to the time required to receive and process grant applications and related budgets and to obtain approvals from all parties, including some college district boards. Board officials stated the untimely and missing documentation were due to staff turnover and oversight.

Failure to adequately monitor the terms and conditions of grant agreements, including receipt of all required documentation, could result in improper use and payment of grant funds. Failure to obtain and maintain supporting documentation for grantee reporting hinders the Board's ability to protect the legal and financial rights of the State and grantees.

### **BOARD RESPONSE:**

The Board concurs with the finding. The Board is transitioning report and budget monitoring to program compliance staff and will provide additional training. The Board will also ensure future grant agreements are drafted with language authorizing pre-award costs if applicable.

### **UPDATED RESPONSE:**

Implemented.

The Board has transitioned programmatic report and budget monitoring to program compliance staff and have provided additional training. The Board will also ensure future grant agreements are drafted with language authorizing pre-award costs if applicable.

- 2. The auditors recommend the Board provide staff training and design and maintain internal controls:**
  - **To provide assurance its data entry of key attributes into ERP is complete and accurate; and**
  - **To ensure proper bills are approved within 30 days of receipt.**

### **FINDING:** *(Voucher Processing Internal Controls Not Operating Effectively) - New*

The Illinois Community College Board's (Board) internal controls over its voucher processing function were not operating effectively during the examination period.

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Due to the auditor's ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), they were able to limit their voucher testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board's internal controls related to voucher processing and subsequent payment of interest, they selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's ERP System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services (proper bill date).

The auditors testing noted 10 of 140 (7%) attributes were not properly entered into the ERP System, specifically the proper bill date. Therefore, the Board's internal controls over voucher processing **were not operating effectively**.

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Board to, after receipt of goods or services, verify the goods or services received met the stated specifications and prepare a voucher for submission to the Comptroller's Office to pay the vendor, including providing vendor information, the amount expended, and object(s) of expenditure. Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Board to maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date. Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State's resources.

Due to this condition, the auditors qualified their opinion because they determined the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, the auditors conducted an analysis of the Board's expenditures data for Fiscal Years 2022 and 2023 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70).

They noted the Board did not timely approve 1,834 of 10,781 (17%) vouchers processed during the examination period, totaling \$92,408,471. They noted these late vouchers were approved by the Board between 31 and 424 days late.

The Code (74 Ill. Admin. Code 900.70) requires the Board to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

Board officials indicated the key attribute of proper bill date was not correctly entered into ERP due to lack of understanding of this ERP field. Board officials indicated the untimely

## REVIEW: FY22-23 ILLINOIS COMMUNITY COLLEGE BOARD, REV #4577

approval of vouchers was caused by the incorrect proper bill date entered into ERP, delays in drawdown and recording of federal grant funds, and employee turnover.

Failure to properly enter the key attributes into the State's ERP when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP, which can result in improper interest calculations and expenditures. Further, failure to timely process proper bills and approve vouchers may result in additional costs for interest due to vendors.

### **BOARD RESPONSE:**

The Board concurs with the finding. Accounting procedures have been modified and additional staff training provided to ensure entry of correct key attributes in the ERP system and increased frequency of federal drawdowns to improve voucher processing times.

### **UPDATED RESPONSE:**

Implemented.

Accounting procedures have been revised and additional staff training provided to ensure entry of correct key attributes in the ERP system and increased frequency of federal drawdowns to improve voucher processing times.

- 3. The auditors recommend the Board allocate resources and implement controls to ensure all required monthly reconciliations are performed, documented, and reviewed timely.**

### **FINDING:** *(Inadequate Controls Over Monthly Reconciliations) – New*

The Illinois Community College Board (Board) did not maintain adequate controls over monthly reconciliations.

The Board expended \$423.8 million and \$490.7 million from 10 funds in Fiscal Years 2022 and 2023, respectively. The Board collected total revenues of \$40.6 million and \$42.0 million which were deposited into seven funds in Fiscal Years 2022 and 2023, respectively.

During testing of the Board's monthly reconciliations, the auditors noted the following:

- 28 of 28 (100%) monthly reconciliations of the Board's internal records to the Office of Comptroller's *Monthly Obligation Activity Report* (SC-15) or the *Monthly Agency Contract Report* (SC-14) were not initialed and dated. As a result, they were unable to determine whether the reconciliation was timely performed.

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- 10 of 24 (42%) monthly reconciliations of the Board's internal records to the Comptroller's *Monthly Revenue Status Report* (SB04) were not initialed and dated. As a result, the auditors were unable to determine whether the reconciliation was timely performed.
- 2 of 24 (8%) monthly reconciliations of the Board's internal records to the Comptroller's SB04 were not performed in Fiscal Year 2023.
- 5 of 24 (21%) monthly reconciliations of the Board's internal records to the Comptroller's SB04 were not performed timely, ranging from 25 to 148 days late.
- 28 of 28 (100%) monthly reconciliations of the Board's internal records to the Comptroller's *Monthly Appropriations Status Report* (SB01) were not initialed and dated. As a result, the auditors were unable to determine whether the reconciliation was timely performed.
- 24 of 24 (100%) monthly reconciliations of the Board's internal records to the Comptroller's *Monthly Cash Report* (SB05) were not initialed and dated. As a result, they were unable to determine whether the reconciliation was timely performed.

The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) requires the Board to perform monthly reconciliations of the Office of Comptroller's SB01, SB04, SB05, and SC14 or SC15 reports to its internal records within 60 days of month end to ensure the early detection and correction of errors. Further, the State Records Act (5 ILCS 160/9) requires the Board to establish and maintain an active, continuing program for the economical and efficient management of the records of the Board. Such program shall provide for effective controls over the creation, maintenance, and use of records.

Board officials stated the issues noted were due to failure to maintain documentation of the date when each reconciliation was performed, competing priorities, and staff shortages.

Failure to timely complete and properly document reconciliations of the Board's records to the Office of Comptroller's reports hinders the ability of staff to identify and correct errors which could result in incomplete and inaccurate financial information.

### **BOARD RESPONSE:**

The Board concurs with the finding. Reconciliations have been assigned to a new staff member and training has been provided. Additionally, the Board worked with the ERP team to implement all reconciliations in the ERP's Analytic and Reporting platform to ensure the reconciliations are reviewed and are documented timely.

### **UPDATED RESPONSE:**

Implemented.

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Reconciliation tasks have been assigned to a new staff member and training has been provided. Additionally, the Board worked with the ERP team to implement all reconciliations in the ERP's Analytic and Reporting platform to ensure the reconciliations are reviewed and are documented timely.

#### 4. The auditors recommend the Board strengthen its controls to ensure required reports are properly supported, accurate and timely completed.

##### **FINDING:** *(Inadequate Controls over Reporting) – New*

The Illinois Community College Board (Board) did not comply with statutory reporting responsibilities.

During testing, the auditors noted the following:

- The Board could not provide supporting documentation for the Fiscal Year 2021 Agency Workforce Report filed during Fiscal Year 2022. As such, the auditors were unable to determine whether the Board reported accurate information.

The State Employment Records Act (5 ILCS 410 et seq.) requires the Board to develop a comprehensive procedure to collect, classify, maintain, and publish, for State and public use, information providing the General Assembly and the People of the State with adequate information of the number of minorities, women, and physically disabled persons employed by State government within the State work force.

The State Records Act (5 ILCS 160/9) requires the Board to establish and maintain an active, continuing program for the economical and efficient management of the records of the Board. Such program shall provide for effective controls over the creation, maintenance, and use of records.

- Three of 4 (75%) Travel Headquarters Reports (Form TA-2) were not filed with the Legislative Audit Commission (LAC) timely, ranging from 190 to 555 days late.

The State Finance Act (30 ILCS 105/12-3) requires the Form TA-2 reports to be filed with the LAC no later than July 15 for the period from January 1 through June 30 of that year and no later than January 15 for the period from July 1 through December 31 of the preceding year.

- The Agency Fee Imposition Reports for both Fiscal Years 2022 and 2023 did not contain the correct revenue source code for fees amounting to \$52,060 and \$53,000 in Fiscal Year 2022 and 2023, respectively.

The Statewide Accounting Management System (SAMS) Manual (Procedure 33.16.10) states the Fee Imposition Reporting system is used for reporting of accurate fee information, based on annual fee data collected and deposited during

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the year, including the SAMS receipt account for each receipt account receiving fee revenues. The SAMS Manual also details the revenue source codes to record receipts.

Board officials stated the Board could not locate the supporting documentation for the Agency Workforce Report and stated the untimely TA-2 Forms and Agency Fee Imposition Report errors were due to employee oversight.

Failure to maintain documentation to support accuracy of data hinders the Board's ability to support its report filing. Failure to ensure the accuracy and submit statutorily required reports in a timely manner reduces accountability and prevents the appropriate oversight authorities from receiving accurate and useful information which could impact future decisions.

### **BOARD RESPONSE:**

The Board concurs with the finding. The State of Illinois has introduced the HCM module of the ERP system for Human Resource Management. This system will assist in the completion of the Agency Workforce Report. Additionally, the Board has established a file on our server for retention of evidence required for filing during the fiscal year.

### **UPDATED RESPONSE:**

Implemented.

The State of Illinois has introduced the HCM module of the ERP system for Human Resource Management. This system will assist in the completion of the Agency Workforce Report. Additionally, the Board has established a file on our server for retention of evidence required for filing during the fiscal year.

### **5. The auditors recommend the Board strengthen its procedures and internal controls to ensure:**

- **Monitoring and enforcing timely completion of performance evaluations;**
- **Complete and accurate documentation is maintained for employee personnel files;**
- **A complete and accurate list of economic interest statements filers is submitted and maintained; and**
- **Timely and complete reconciliation of census data with Board records.**

**They further recommend the Board establish adequate policies and procedures around its Contingency Planning process as reported in Finding 2023-011.**

**FINDING: *(Inadequate Controls over Personal Services) – New***

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The Illinois Community College Board (Board) did not maintain adequate controls over its personal services function.

During their testing, the auditors noted the following:

- Seven performance evaluations were not completed timely for five of seven (71%) employees tested, ranging from one to 17 days late.

Section 3.1.1 (Probationary Period Evaluation) of the Board's employee guidebook requires all new employees to be evaluated by their immediate supervisors prior to the conclusion of their first three months and six months of employment in addition to the annual performance appraisal. Completed and signed written evaluations are due to Human Resources no later than 30 days after the employees' three-, six-, and twelve-month anniversary dates.

Section 3.1.2 (Annual/Periodic Performance Review) of the Board's employee guidebook requires supervisors to be responsible for performance reviews of each employee, for which completed and signed written evaluations are due to Human Resources on or before August 1.

- For one of seven (14%) employees tested, the employee did not sign Section 1 of the Employment Eligibility Verification Form (Form I-9).

The Code of Federal Regulation (CFR) (8 CFR § 274a.2), Verification of Identity and Employment Authorization, designates the Employment Eligibility Verification Form I-9 (Form I-9) as the means of documenting this verification. In addition, the CFR requires a person or entity that hires an individual for employment must ensure that the individual properly completes section 1 - "Employee Information and Verification" - on the Form I-9 at the time of hire and signs the attestation.

- One of 12 (8%) filers tested was not included in the list of required filers of a Statement of Economic Interest in Fiscal Year 2023 and as a result, did not file the corresponding statement.

The State Officials and Employees Ethics Act (Act) (5 ILCS 420/4A-101) requires the following persons to file verified written statements of economic interests with the Secretary of State (SOS): persons who are employed by any branch, agency, authority or board of the government of this State, and are compensated for services as employees and not as independent contractors and who are, or function as, the head of a department, commission, board, division, bureau, authority or other administrative unit within the government of this State, or who exercise similar authority within the government of this State. Further, the Act (5 ILCS 420/4A-106) requires on or before February 1 annually, the chief administrative officer of any State agency in the executive, legislative, or judicial branch employing persons required to file under item (f) or item (l) of Section 4A-101 to certify to the SOS the names and mailing addresses of those persons. In

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preparing the lists, each chief administrative officer, or his or her designee, shall set out the names in alphabetical order.

- During their review of the annual census data reconciliation, the auditors noted the following:
  - The Fiscal Year 2022 census data reconciliation was submitted by the Board 140 days late.
  - The pensionable earnings census data for Fiscal Year 2021 was not verified and reconciled by the Board.
  - The Board incorrectly completed the certification for the reconciliation and eligibility review of Fiscal Year 2021 census data.

The State Universities Retirement System (SURS) Census Data Reconciliation Guidance, in accordance with the AICPA's *Audit and Accounting Guide: State and Local Governments*, requested employee census data, including pensionable earnings and the member's contribution rate, be reconciled annually by each employer to a report provided by SURS and used by SURS' and CMS' actuaries. This reconciliation process helps mitigate the risk of using incomplete or inaccurate data and ensures the accuracy of reported pension and other post-employment benefit (OPEB) balances. Further, this reconciliation process ensures the completeness of employer and plan data, reduces payroll errors, confirms personnel files are up-to-date, and most importantly decreases the risks of financial misstatements. Based on the FY2022 SURS Guidance, the Board was requested to reconcile their Fiscal Year 2022 census data, certify to SURS that the reconciliation and member eligibility review was completed, and report any potential data errors found by May 31, 2023.

The State Records Act (5 ILCS 160/8) requires the Board to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Board designed to protect the legal and financial rights of the State and of persons directly affected by the Board's activities.

Board officials stated the untimely evaluations, unsigned I-9 Form, incorrect certification and untimely reconciliation of census data were due to competing priorities, lack of a Human Resources Director, typographical errors, and employee oversight. Officials stated the economic interest statement exception was due to inadvertent removal of the employee from the list of required filers. Management further stated they were unable to verify and reconcile Fiscal Year 2021 pensionable earnings census data due to a catastrophic hardware failure, resulting in the total loss of its IT environment, applications, and data, including payroll files.

Employee performance evaluations are a systematic and uniform approach for the development of employees and communication of performance expectations to employees. Employee performance evaluations serve as a foundation and

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documentation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions. Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance, areas for improvement and current year's performance goals and objectives may not be identified and communicated in a timely manner.

Failure to complete the Form I-9 properly may result in potential employment issues and could subject the State to unnecessary legal costs and penalties. Failure to identify all employees required to file statements of economic interest may result in potential related-party transactions not being identified in time by the Board. Further, untimely submission of census data certifications and failure to reconcile census data hinders the process to ensure census data is accurate to reduce payroll errors and risks of financial misstatements.

### **BOARD RESPONSE:**

The Board concurs with the finding. A Human Resources Director was hired to serve the HR management needs of the Board and procedures have been implemented to ensure timely completion of the performance reviews, maintenance of personnel records, and timely reconciliation of census data to Board records.

### **UPDATED RESPONSE:**

Implemented.

A Human Resources Director was hired to serve the HR management needs of the Board and procedures have been implemented to ensure timely completion of the performance reviews, maintenance of personnel records, and timely reconciliation of census data to Board records.

- 6. The auditors recommend the Board request survey data in a timely manner and communicate statutorily mandated deadlines to community colleges. Further, they recommend the Board seek legislative changes for reporting requirements which they deem to be unreasonable.**

### **FINDING:** *(Noncompliance with Student Parent Data Collection Act) – New*

The Illinois Community College Board (Board) did not comply with the collection timeline requirements of the Student Parent Data Collection Act (Act).

The Act (110 ILCS 149/20(a)) requires on or before July 1, 2022 and annually thereafter, each public community college to report Student Parent Data and Campus Child Care information to the Board. The Board is required to make the data collected publicly available on their website. The Act became effective July 9, 2021.

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On June 22, 2022, the Board requested colleges to report required student parent and campus child care data for fall and spring of the 2021-2022 academic year by July 30, a month later than the mandated due date. The Board did not seek any legislative change to the reporting due date during the examination period.

Board officials stated they extended the due date because they believed the July 1 deadline was not enough time for colleges to ensure that reporting is valid and comprehensive.

Failure to communicate the correct statutory deadlines for required data from community colleges prevents the Board from ensuring student parent data and campus child care information is made publicly available on its website as soon as possible. Deviations from the mandated requirements reduces timeliness of information for decision makers, hinder compliance with the Act, and undermine the legislature's intent.

### **BOARD RESPONSE:**

The Board concurs with the finding. The Board is pursuing a legislative change to the Act regarding the due date. The Student Parent variable was expanded within ICCB's annual student-level data collection to meet the Student Parent Data Collection Act for students enrolled in Academic Year 2021-22 and thereafter. Specifically, the Student Parent variable is collected within ICCB's Annual Student Enrollment and Completion (A1) submission that is collected on every credit-taking student enrolled at each community college. Thus, the Student Parent variable has been collected since the Act was enacted but was collected after the July 1 due date. By adjusting the due date from July 1 to September 1, it is aligned with ICCB's annual student-level collection which ensures validity and comprehensiveness in Student Parent reporting, as well as Child Care Center information from the Illinois community colleges.

Legislation is currently pending the Governor's signature to change the date of the data collection from July 1 to September 1 effective January 1, 2025.

### **UPDATED RESPONSE:**

Implemented.

The Student Parent variable was expanded within ICCB's annual student-level data collection to meet the Student Parent Data Collection Act for students enrolled in Academic Year 2021-22 and thereafter. Specifically, the Student Parent variable is collected within ICCB's Annual Student Enrollment and Completion (A1) submission that is collected on every credit-taking student enrolled at each community college.

P.A. 103 – 0950, effective August 9, 2024, adjusts the due date from July 1 to September 1 to align with ICCB's Annual Student Enrollment and Completion (A1) student-level collection.

7. The auditors recommend the Board implement internal controls to ensure contractual agreements contain the standard disclosures as required by SAMS. They also recommend the Board initiate interagency agreements in sufficient time to obtain signatures from all parties. Further, they recommend the Board ensure interagency agreements are in place for the entire service period and approved prior to the effective date of the agreement and prior to services being rendered.

**FINDING:** *(Inadequate Controls over Contractual and Interagency Agreements) – New*

The Illinois Community College Board (Board) did not maintain adequate controls over its contractual and interagency agreements.

During their testing, the auditors noted the following:

- Two lease contractual agreements, totaling \$1,211,742 for both Fiscal Years 2022 and 2023, lacked the required standard certifications. These real property lease agreements did not include clauses for prohibited bidders and contractor's certification, Illinois Use Tax certification, and State Board of Elections certification.
- Four of 5 (80%) interagency agreements tested, totaling \$376,860, were not signed by all necessary parties before the effective date. The interagency agreements were signed between 12 and 116 days late.
- The Department of Innovation and Technology (DoIT) provided information technology related services to the Board during the examination period. However, the agreement between the DoIT and the Board was only effective through June 30, 2022 and no contract extension was made for Fiscal Year 2023 services.

The Statewide Accounting Management System (SAMS) Manual (Procedure 15.20.40) requires leases for real property to include clauses for prohibited bidders and contractor's certification, Illinois Use Tax certification, and State Board of Elections certification.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are used efficiently, effectively, and in compliance with applicable law. In addition, prudent business practices require the approval of agreements by all parties prior to the effective date and before services are performed.

The Intergovernmental Cooperation Act (5 ILCS 220/5) states public agencies may contract with one another to perform any governmental service, activity or undertaking or to combine, transfer, or exercise any powers, functions, privileges, or authority which any of the public agencies entering into the contract is authorized by law to perform, provided that such contract shall be approved by the governing bodies of each party to the contract and except where specifically and expressly prohibited by law. Such contract shall set

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forth fully the purposes, powers, rights, objectives, and responsibilities of the contracting parties.

Board officials stated the interagency agreements were signed late due to the time required to get all parties' signatures and stated the Board cannot delay projects until agreements are signed. Further, Board officials stated the missing certifications on real property lease agreements and the expired agreement with DoIT were due to oversight.

Lack of required disclosures within contracts and failure to timely execute interagency agreements increase legal and financial risks to the Board. In order to ensure an agreement is reasonable, appropriate, and sufficiently documents the responsibilities of all parties and in order to protect the interests of all parties, the agreement or contract needs to be approved prior to the effective date, and executed prior to the commencement of services.

**BOARD RESPONSE:**

The Board concurs with the finding. Procedures have been developed to ensure service contracts with DoIT will be renewed annually and that all contracts contain standard certifications.

**UPDATED RESPONSE:**

Implemented.

Procedures have been implemented to ensure service contracts with DoIT will be renewed annually and that all contracts contain standard certifications.

- 8. The auditors recommend the Board continue to work with each community college and community college district to ensure required reports are submitted timely.**

**FINDING:** *(Failure to Enforce Grant Reporting Requirements) – New*

The Illinois Community College Board (Board) failed to enforce compliance with its rules and regulations over the timely submission of required informational reports and schedules.

Informational reports and schedules are required to be prepared by the community colleges and college districts and submitted to the Board to provide data necessary to determine funding and to provide assurance funds are being properly utilized. For example, some information gathered from these informational reports and schedules include spring and fall semester enrollment, employment plan surveys, faculty and staff salary data, annual financial statements, and notice of publication. These reports are due at various times throughout the year.

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During their testing, the auditors noted 62 of 630 (10%) informational reports tested due in Fiscal Year 2022 (29 reports) and Fiscal Year 2023 (33 reports) were submitted to the Board between one and 295 days late.

The Illinois Administrative Code (23 Ill. Admin. Code 1501.201) requires complete and accurate reports to be submitted by community colleges and college districts to the Board in accordance with the Board's requirements and on forms prescribed by the Board.

Board officials stated that despite their continued reminders of due dates for reporting, the late report submissions occurred during periods of staff turnover within the community college districts and required additional outreach to request the information.

The Board uses the required informational reports to evaluate the effectiveness of grant programs and prepare for future budgets. Failure to receive the informational reports promptly could delay the Board's completion of its own internal summary reports and budget preparation.

### **BOARD RESPONSE:**

The Board concurs with the finding. Reminders are emailed by compliance staff to the colleges and discussed on monthly CFO Zoom meetings. Due dates are also posted on the SharePoint financial compliance site and are periodically mentioned in the ICCB system newsletter.

### **UPDATED RESPONSE:**

Implemented.

Reminders are emailed by compliance staff to the colleges and discussed on monthly CFO Zoom meetings. Due dates are also posted on the SharePoint financial compliance site and are periodically mentioned in the ICCB system newsletter.

**9. The Board has the ultimate responsibility for ensuring confidential information is protected from accidental or unauthorized disclosure. Specifically, the auditors recommend the Board:**

- **Perform a comprehensive risk assessment to identify and classify data to ensure adequate protection of confidential or personal information most susceptible to attack.**
- **Evaluate identified risks and implement appropriate controls to reduce the risk.**
- **Classify its data to identify and ensure adequate protection of information.**
- **Establish and communicate the Board's security program (formal and comprehensive policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental, and operational requirements.**

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### **FINDING:** *(Weaknesses in Cybersecurity Programs and Practices) - New*

The Illinois Community College Board (Board) had not implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the Board's mission to administer the State of Illinois' Public Community College Act, the Board maintains computer systems that contain volumes of confidential or personal information such as names, addresses, and Social Security numbers of the citizens of the State.

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 their examination of the Board's cybersecurity program, practices, and control of confidential information, the auditors noted the Board:

- Had not performed a comprehensive risk assessment to identify and ensure adequate protection of information (i.e., confidential, or personal information) most susceptible to attack.
- Had not classified its data to identify and ensure adequate protection of information.
- Had not developed a formal, comprehensive, adequate, and communicated security program (policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental, and operational requirements

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 *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.

Board officials stated in late Fiscal Year 2023, the Board transitioned from its old systems environment to a new systems environment. Due to time constraints during the period of evaluation, the Board was still in the process of completing the full evaluation of methods, procedures, and controls in place within the Information Technology (IT) transformation. The development of policies and procedures to enhance specific areas of cybersecurity

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with available tools within the new systems environment was not feasible by the end of Fiscal Year 2023.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the Board's volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure.

### **BOARD RESPONSE:**

The Board concurs with the finding. In March of 2024, the Board procured a comprehensive cybersecurity application to strengthen the agency's ability to address potential threat risks. The Board will also perform a risk assessment to ensure proper identification and classification of data to ensure protection from a potential attack. Additionally, in accordance with the ICCB Management Information System (MIS) Manual that identifies sensitive data, the Board currently encrypts all inbound sensitive data stored within ICCB databases. Furthermore, the Board will implement appropriate controls to reduce risk and implement a review policy to ensure controls are updated as needed.

### **UPDATED RESPONSE:**

Implemented.

In March of 2024, the Board procured and implemented a comprehensive cybersecurity application to strengthen the agency's ability to address potential threat risks. The Board has developed a Business Impact Analysis form which allows Information Technology staff to work with ICCB divisions to complete the form and perform a risk assessment to ensure proper identification and classification of data, to ensure properly provided protection from a potential attack. Additionally, in accordance with the ICCB Management Information System (MIS) Manual that identifies sensitive data, the Board currently encrypts all inbound sensitive data stored within ICCB databases. Furthermore, the Board has reviewed appropriate controls to reduce risk and implemented a review policy to ensure controls are updated as needed.

**10. The auditors recommend the Board establish policies and procedures to assess, review, and monitor external service providers. Additionally, they recommend the Board to perform the following procedures for all service providers which the Board has determined that a review of controls is required:**

- **Obtain SOC reports or (perform independent reviews) of internal controls associated with outsourced systems at least annually.**
- **Monitor and document the operation of the Complimentary User Entity Controls relevant to the Board's operations noted in the SOC reports.**
- **Obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the**

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subservice organization would not impact its internal control environment.

- Document its review of the SOC and other reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Board, and any compensating controls.

**FINDING:** *(Inadequate Controls over External Service Providers) - New*

The Illinois Community College Board (Board) did not have adequate controls around its external service providers.

The Board utilizes third party service providers in order to meet their mission. These service providers provide software, support, and maintenance services to the Board. During their review, the auditors noted the Board had not:

- Obtained System and Organization Control (SOC) reports or conducted independent internal control reviews of some of its service providers.
- Conducted a complete analysis of SOC reports to determine the impact of the modified opinion(s) or the noted deviations.
- Obtained and reviewed SOC reports for subservice organizations or performed alternative procedures to determine the impact on its internal control environment.

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, Maintenance and System and Services Acquisition sections, states the organization should ensure operational success by consistently monitoring service providers and organizational security performance against identified requirements, periodically evaluating changes in risks and threats to the organization and ensuring the organizational security solution is adjusted as necessary to maintain an acceptable security posture. As such, reviews of assessments, audits and inspections should be completed to determine the controls are in place at all service providers and subservice providers.

Board officials stated they consider their current documentation of their review sufficient and did not realize the need to assess all deficiencies as well as whether complementary controls are in place. The service/support vendors used by the Board did not store, process, or transmit the Board's data. For the other two vendors since they are not new vendors, formal assessment of controls was not initially deemed necessary.

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Without having adequate monitoring controls around service providers' services, including proper and timely periodic reviews of SOC reports or another form of independent internal control review, the Board does not have assurance the service provider's internal controls are adequate to support the Board's processes and ensure its data are secured.

### **BOARD RESPONSE:**

The Board concurs with the finding. The Board will strengthen processes and continue to follow National Institute of Standards and Technology guidelines to ensure adequate controls are implemented as appropriate with external service providers, including obtaining timely SOC Reports with third party and subservice organizations and documentation of Board review.

### **UPDATED RESPONSE:**

Implemented.

The Board will strengthen processes and continue to follow National Institute of Standards and Technology guidelines to ensure adequate controls are implemented as appropriate with external service providers, including obtaining timely SOC Reports with third party and subservice organizations and documentation of Board review.

- 11. The auditors recommend the Board develop contingency and disaster recovery plan documents to ensure the timely recovery of their application and data. The policies and plans should identify disaster definitions, critical assets, and procedures to take in the event of a disaster and point of contact for each critical asset or business process.**

**Additionally, once developed, the auditors recommend the Board to periodically test the disaster recovery plan.**

### **FINDINGS: *(Inadequate Controls Over Contingency Planning) – New***

The Illinois Community College Board (Board) had not established adequate policies and procedures around its Contingency Planning process.

As outlined in Finding 2021-001, on July 1, 2022, the Board's Information Technology (IT) environment encountered a catastrophic hardware failure, resulting in the total loss of their IT environment, applications, and data. Further, the Board had determined the backups of their IT environment, applications, and data had not been completed successfully.

Although the Board experienced a catastrophic event, the Board had not taken sufficient action to promote IT recovery efforts for such an event in the future.

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From the review of the Board's contingency planning process, the auditors noted that the Board had not:

- Created a formal, documented, and updated Contingency Planning and Disaster Recovery Plan documents;
- Performed a testing of its disaster recovery plan during the audit period; and
- Performed a formal Business Impact Analysis (BIA).

The State Records Act (5 ILCS 160/9) requires the Board to establish and maintain effective controls over the creation, maintenance, and use of records in the conduct of current business and to ensure that Board electronic records are retained in a trustworthy manner so that the records, and the information contained in the records, are accessible and usable for reference for the duration of the retention 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.

In addition, 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), Contingency Planning section, requires entities to conduct backups of their environment, applications, and data. Furthermore, entities are to test the backups to ensure they were successful.

Board officials stated due to the hardware failure and the recovery efforts during the timeframe under review, resources were not available to perform a formal, updated Business Impact Analysis (BIA) internally or through outsourcing. The Board did restore systems during further hardware issues from planning documents and backups with documented incident reports during the evaluation period, but it was not a formal BIA. Further, the Board transitioned to a new systems environment in June 2023, hence it was deemed more prudent to plan the BIA after the transition.

Failure to have a formal information systems contingency planning policy and procedures may result in data loss, reduced productivity, and/or out-of-budget expenses. Further, without an adequately documented and tested contingency plan, the Board cannot ensure its critical systems could be recovered within an acceptable period, and therefore minimizing the impact associated with a disaster.

### **BOARD RESPONSE:**

The Board concurs with the finding. Since July 1, 2021, ICCB has been concentrating on recovering from the catastrophic failure. In March of 2023, ICCB began the process of

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upgrading and modernizing its technical infrastructure by migrating from servers that were operating with unsupported hardware and software. This migration was completed in June of 2023 and included a robust backup solution and a stable Data Storage Array. The Board is in the process of upgrading current backup software to include cloud storage as another layer of redundancy. Additionally, the Board is currently updating the Disaster Recovery Plan to include new hardware and software and related procedures for a full disaster recovery. This plan will be further strengthened by a new Business Impact Analysis, which will include disaster definitions, critical assets, and procedures.

### **UPDATED RESPONSE:**

Implemented.

The Board has upgraded and modernized its entire technical infrastructure since experiencing a significant systems failure in July 2021 due to a power surge that impacted systems and backup components. The Board has also updated and enhanced its Disaster Recovery Plan to include the new hardware and software, related procedures, and critical assets/business processes point of contacts for a full disaster recovery. The Disaster Recovery Plan includes a disaster recovery template and timeline for periodic testing of designated systems. This plan is further strengthened by a new Business Impact Analysis form which allows division staff to identify essential functions and establishes recovery strategies in the event of a disruption.

### **12. The auditors recommend the Board continue to coordinate with the Office of the Governor to ensure all Board member vacancies are filled in a timely manner.**

#### **FINDING:** *(Board Member Vacancies) - New*

The Illinois Community College Board (Board) was not fully seated and had two members serving on expired terms during the examination period.

During testing, the auditors noted the following:

- The Board was not fully seated during Fiscal Year 2022. Of the statutorily required 12 seats, the auditors noted only 10 were filled as of June 30, 2022. The two seats were vacant for 311 and 1,435 days before they were filled in Fiscal Year 2023.
- Two of 12 (17%) Board members appointed by the Governor were serving under expired terms during Fiscal Years 2022 and 2023. The current terms for these individuals expired June 30, 2021.

The Public Community College Act (Act) (110 ILCS 805/2-1) states the Board shall consist of 12 members, including a nonvoting student member selected by the recognized advisory committee of students of the Board, and a senior citizen age 60 or over, to be appointed by the Governor and with the advice and consent of the Senate. Further, the Act states after

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the expiration of the terms of the office of the members first appointed to the Board, their respective successors shall hold office for a term of 6 years and until their successors are qualified and seated.

Board officials stated they worked with the Governor's office to alert staff of expiring terms and identify potential members to fill vacancies, but the Board does not have authority to appoint members.

Although Board members are expected to continue to serve past their terms until new appointments are made, failure to timely appoint Board members may affect the full and transparent exercise of the Board's appointed powers and responsibilities.

### **BOARD RESPONSE:**

While ICCB continues to believe that this finding is improperly directed to ICCB because responsibility for Board appointments lies with the Governor per statute, we accept the finding. ICCB will continue to work with the Governor's Office to alert staff of expiring terms and identify potential members to fill vacancies.

### **UPDATED RESPONSE:**

Implemented.

While ICCB continues to believe that this finding is improperly directed to ICCB because responsibility for Board appointments lies with the Governor per statute, we accept the finding. ICCB will continue to work with the Governor's Office to alert staff of expiring terms and identify potential members to fill vacancies.

## **Emergency Purchases**

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the state that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to state property in order to protect against further loss of or damage to state property, to prevent or minimize serious disruption in critical state services that affect health, safety, or collection of substantial state revenues, or to ensure the integrity of state records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than five business days after the

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contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file a statement with the Procurement Policy Board and the Auditor General to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

The Board had no emergency purchases in FY22 or FY23.

### **Headquarters Designations**

The State Finance Act requires all state agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each state agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

As of July 2023, the Board had no employees assigned to locations others than official headquarters.