

LEGISLATIVE AUDIT COMMISSION

July 18, 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

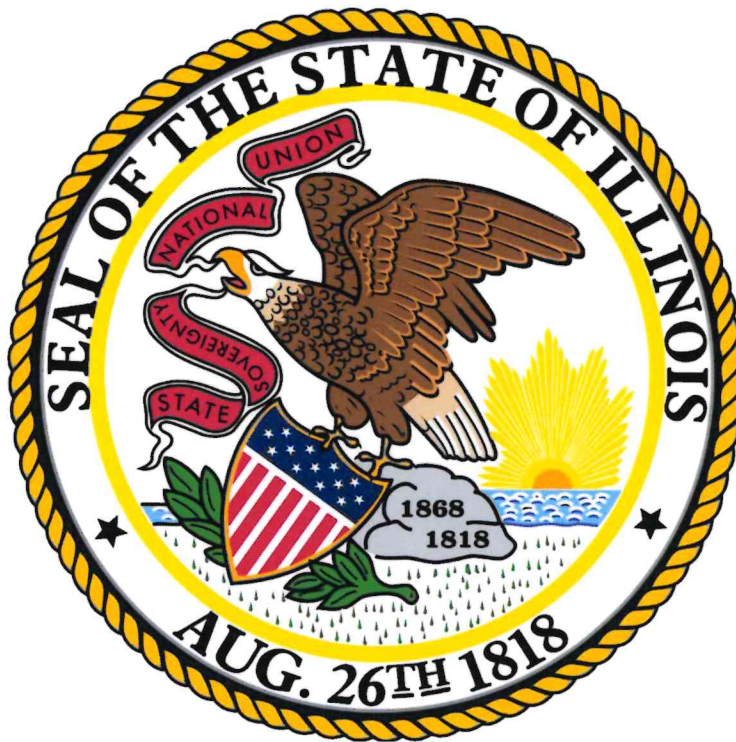
Time: 10:00 am

**Location: 160 N LaSalle Street
Hearing Room C600, Bilandic Building
Chicago, Illinois**

AGENDA

- I. Review of Audits
 - A. Northern Illinois University FY24 Compliance Audit
 - B. Northeastern Illinois University FY24 Compliance Audit
 - C. Department of Insurance FY21-22 Compliance Audit
 - D. Chicago State University FY 24 Compliance Audit
- II. Consent Calendar
- III. LAC Financial Statements
 - A. May 2025
 - B. June 2025
- IV. Minutes from LAC Meeting on May 27, 2025
- V. Emergency Purchases

LEGISLATIVE AUDIT COMMISSION



Review of
Northern Illinois University

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

REVIEW: #4582 NORTHERN ILLINOIS UNIVERSITY FY24 COMPLIANCE

**REVIEW: #4582
NORTHERN ILLINOIS UNIVERSITY
YEAR ENDED JUNE 30, 2024**

RECOMMENDATIONS – 15

IMPLEMENTED/PARTIALLY IMPLEMENTED – 15

REPEATED RECOMMENDATIONS – 9

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 17

This review summarizes the auditors' report on the compliance examination of the Northern Illinois University year ended June 30, 2024, filed with the Legislative Audit Commission on May 6, 2025. The report was conducted in accordance with *Government Auditing Standards* and State law.

Northern Illinois University was founded as a state teachers' school in 1895. The goal of the University is to advance social mobility, help people grow and succeed, and bring about positive change in the world. The University's main campus is located in DeKalb, Illinois, with other campuses in Rockford and Naperville. Northern Illinois University Board is comprised of seven trustees appointed by the Governor with the advice and consent of the Senate, and one student trustee elected by NIU students.

NIU's mission is to empower students through educational excellence and experiential learning as they pursue knowledge, share their research and artistry, and engage communities for the benefit for the region, state, nation and world. NIU's vision is to be the engine for innovation to advance social mobility; promote personal, professional and intellectual growth; and transform the world through research, artistry, teaching and outreach.

Dr. Lisa Freeman was the President of the University during the audit period. Dr. Freeman was appointed Acting President in July 2017 and then President effective September 20, 2018. Dr. Freeman has served in many capacities at NIU, from Vice President for Research and Graduate Studies beginning in 2010 to Executive Vice President and Provost in 2017. She earned a doctor of veterinary medicine from Cornell and a doctor of philosophy degree from Ohio State University.

Appropriations and Expenditures

Appropriations (\$ thousands)	FY23		FY24	
	Approp	Expend	Approp	Expend
GENERAL FUNDS				

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Operational Expenses	92,194.6	92,194.6	98,648.3	98,648.3
TOTAL GENERAL FUNDS	92,194.6	92,194.6	98,648.3	98,648.3
OTHER STATE FUNDS				
Grants				
Scholarship Grant Awards	22.0	21.8	22.0	22.0
TOTAL OTHER STATE FUNDS	22.0	21.8	22.0	22.0
TOTAL	92,216.6	92,216.4	98,670.3	98,670.3

Accountants' Findings and Recommendations

Condensed below are the 15 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 Northern Illinois University, via electronic mail received July 9, 2025.

- 1. The auditors recommend the University review its process to record year-end prepaids and cash basis transactions to ensure revenue and expense amounts are properly recorded in the University's financial statements.**

FINDING: *(Financial Statements) – First reported 2023, Last reported 2024*

Northern Illinois University (University) did not properly adjust its financial statements for certain revenue and expense transactions.

The University prepares year-end entries to adjust the financial statements for transactions recorded during the year that do not represent revenues or expenses for the fiscal year. When testing the University's recorded revenues and expenses the auditors noted the following matters:

- The University's fiscal year 2023 entry to remove from revenue and expense cash basis transactions related to direct loans was miscalculated. The University properly adjusted expenses but did not remove \$1,621,668 of revenue, which resulted in fiscal year 2023 year-end accounts receivable and revenue being overstated by the same amount. The University did not correct this error in fiscal year 2024 and therefore fiscal year 2024 year-end accounts receivable and net position are overstated by \$1,621,668. The University elected not to record an adjusting entry for this matter.
- The University incorrectly recorded an agreement with a third-party for student scholarships. Based on the nature of the arrangement, the agreement with the third-party represents an agency transaction and therefore should not result in revenue or expense for the University. The University improperly set up this agreement in the general ledger, resulting in an overstatement of accounts payable of approximately \$890,000, an understatement of opening net position of

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approximately \$415,000, and an understatement of revenue of approximately \$475,000 in fiscal year 2024. The University elected not to record an adjusting entry for this matter.

- The University incorrectly debited unearned revenue for approximately \$778,000 of Pell grants that relate to the summer term. Pell revenue is recognized when disbursed to students and therefore should not impact unearned revenue at year-end. This resulted in an understatement of unearned revenue of approximately \$778,000, understatement of opening net position of approximately \$681,000, and understatement of expenses of approximately \$97,000 in fiscal year 2024. The University elected not to record an adjusting entry for this matter.

Generally accepted accounting principles require transactions be reported in the period incurred. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Proper internal controls should ensure all transactions are properly recorded in the financial statements.

University officials stated that the direct loan condition noted dates back to the prior year error. The process was corrected in FY24 but the resulting balance from the prior year error and passed adjustment was not corrected. The third-party agreement condition noted was due to an isolated error in the setup of this particular agreement. The Pell unearned revenue condition resulted from an error in the setup of the summer tuition deferral related to Pell revenue applicable to the summer term.

Errors in year-end entries could result in material misstatements within the University's financial statements.

UNIVERSITY RESPONSE:

Accepted. The University will conduct a comprehensive review of each finding. The University will correct the carryforward impact of the prior year direct loan elimination error. The University will correct the setup of the third-party agreement error noted. Lastly, the University will adjust its process for deferring summer tuition to ensure that Pell revenue applicable to the summer term is appropriately recognized and excluded from the deferral calculation.

UPDATED RESPONSE:

Implemented.

The University has conducted a comprehensive review of each component of the finding and has taken steps to strengthen its year-end financial process to prevent similar issues in the future. In response to the identified issues, the errors have been corrected and the processes have been discussed with the relevant areas to ensure accurate understanding and reporting. These actions are part of a broader effort to ensure the accuracy and completeness of year-end financial entries.

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2. The auditors recommend the University correct the lease and technology agreement in its tracking software in fiscal year 2025. They further recommend the University enhance their procedures over the review of potential lease and technology agreements for proper inclusion within the University's financial statements.

FINDING: *Lease and SBITA Errors – First reported 2023, Last reported 2024*

Northern Illinois University (University) incorrectly recorded certain agreements which met the requirements of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

While reviewing the University's lease agreements, the auditors noted an error where the University mistakenly recorded a lease liability of approximately \$175,000 instead of recording a lease receivable, as the University was the lessor, not the lessee.

Additionally, while reviewing the University's technology agreements, they noted an agreement that should have been recorded in fiscal year 2023 but was not recorded until fiscal year 2024. Further, the University recorded the payments at incorrect amounts. The University's year-end assets and liabilities would have increased approximately \$360,000 if this agreement was accounted for appropriately.

GASB Statement No. 87 states assets which an entity has a non-cancellable right to use for a period longer than one year should be recognized in the statement of net position as intangible right to use assets and lease liabilities.

GASB Statement No. 96 states an entity should recognize a right to use subscription asset and a corresponding liability for agreements that convey control of another party's IT software, alone or in combination with tangible capital assets, for a period longer than one year.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Proper internal controls should ensure all transactions are properly recorded in the financial statements.

University officials stated that both conditions were due to data entry errors not identified during the entry and review process.

Failure to properly evaluate lease and technology agreements could result in a material misstatement within the University's financial statements.

UNIVERSITY RESPONSE:

Accepted. The University will enhance its review procedures to ensure that all leases and technology agreements are properly evaluated and accounted for in accordance with

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GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Federal Agencies: U.S. Department of Education

Program Names: Student Financial Assistance Cluster: Federal Direct Student Loans

ALN #s: 84.268

Award Numbers: N/A; Federal Awards Year 2023 – 2024

Questioned Costs: None

UPDATED RESPONSE:

Implemented.

The University has updated its procedures to ensure that all leases and technology agreements are properly evaluated and accounted for in accordance with GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

- 3. The auditors recommend the University review current processes for reporting to NSLDS and implement procedures to ensure submissions are reported timely and accurately.**

FINDING: *Errors in Reporting for NSLDS – New*

Northern Illinois University (University) did not properly report enrollment changes for certain students who received federal student aid to the National Student Loan Data System (NSLDS) and the internal controls in place did not identify the errors.

Out of 40 students tested, they noted 1 (2.5%) student in which the University did not report the correct enrollment effective date to the NSLDS at the Program Level.

Out of 40 students tested, they noted 1 (2.5%) student in which the University did not report the correct enrollment effective date to the NSLDS at the Campus Level.

Out of 40 students tested, they noted 1 (2.5%) student in which the University did not timely report the enrollment effective date to the NSLDS at the Campus Level.

The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (34 CFR 685.309) requires enrollment status changes for students to be reported to NSLDS within 30 days or within 60 days if the student with

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the status change will be reported on a scheduled transmission within 60 days of the change in status. Regulations require the status to include an accurate effective date.

According to the NSLDS Enrollment Reporting Guide, a student's Program-Level enrollment status should be reported with the same enrollment status as that student's campus-level enrollment status for all programs the student is enrolled in at that location, even if the student is not currently taking coursework that applies to a particular program. If the student has withdrawn or graduated from an academic program, a "terminal enrollment status" of 'W' or 'G,' as appropriate, should be reported for that program, even if the student is still taking coursework applicable to other programs in which the student is enrolled.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure enrollment reporting is completed properly

University officials also stated the Program Level exception was the result of a misinterpretation of NSLDS reporting requirements regarding the appropriate effective date to provide in the event that a student's withdrawal is processed on a later date than the withdrawal's effective date.

If the NSLDS system is not properly updated with the student information, over awards could occur should the student transfer to another institution and the student may not properly enter the repayment period.

UNIVERSITY RESPONSE:

Accepted. The University will take steps to address the recommendation in this finding. The University will correct the software issues which caused some students with the new withdrawal grade code to not have a withdrawal status calculated correctly at the campus level. The University will provide additional training and guidance to address the misinterpretation of withdrawal status effective date reporting which caused an error at the program level.

Federal Agencies: U.S. Department of Education

Program Names: Fund for the Improvement of Postsecondary Education

ALN #s: 84.116

Award Numbers: P116Z230260; Federal Awards Year 2023 – 2024

Questioned Costs: None

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UPDATED RESPONSE:

Implemented.

The University will correct the software issue, which resulted from the introduction of a new withdrawal grade code not previously in use and caused the error at the campus level. In addition, the university will provide additional training and guidance to address the misinterpretation that caused the error at the program level.

- 4. The auditors recommend the University review current processes for small purchases and simplified acquisition transactions to ensure purchase requisitions forms are completed correctly.**

FINDING: *Internal Controls Over Procurement - New*

Northern Illinois University (University) included incorrect documentation within purchase requisition forms for small purchases and simplified acquisition procurement transactions at the time of approval of the purchase which did not allow a reviewer to determine the appropriateness of the procurement method in the Fund for the Improvement of Postsecondary Education program.

The University's internal controls over purchases include review and approval of purchase requisitions in PeopleSoft that document the procurement method selected.

Out of four small purchase procurement transactions tested, four transactions (100%) were approved based on a form that summarized the incorrect procurement method. The University incorrectly indicated on a small purchase waiver form that the transactions were exempt from procurement under Illinois Procurement Code (30 ILCS 500 / 1-13(b)(8)).

Out of four transactions tested meeting the simplified acquisition threshold, four transactions (100%) were approved based on a form that summarized the incorrect procurement method. The University incorrectly indicated on a small purchase waiver form that the transactions were exempt from procurement under Illinois Procurement Code (30 ILCS 500 / 1-13(b)(8)).

Based on additional information provided to auditors during their testing, the University did have other documentation to support the history of the procurement, including rationale for the method of procurement and there were no indications that procurement methods used were inappropriate.

The sample was not intended to be, and was not, a statistically valid sample.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure procurement procedures are properly followed and support is properly maintained as required by 2 CFR 200.318.

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University officials stated that staff turnover and lack of training on policies and procedures governing procurements subject to 2 CFR 200 led to the incorrect documentation on the purchase requisitions.

If the purchase requisition forms contain an incorrect rationale for the procurement method selected, the University could approve payments of federal funds to vendors that do not meet federal regulations.

UNIVERSITY RESPONSE:

Accepted. The University has already initiated a review of current processes and is taking steps to address the recommendation.

UPDATED RESPONSE:

Implemented.

The University has already initiated a review of current processes and is implementing enhanced protocols for new staff to ensure a stronger understanding and adherence to best practices.

- 5. The auditors recommend the University dedicate specific resources to complete annual reconciliations of census data and to submit certifications and potential errors identified by the required due date. Auditors further recommend the University promptly reconcile the Fiscal Year 2022 and Fiscal Year 2023 census data, submit the required certifications and any potential errors noted to SURS, and work with SURS to address any differences noted.**

FINDING: *Uncompleted Census Data Reconciliation – First reported 2023, Last reported 2024*

Northern Illinois University (University) did not complete its annual census data reconciliation and certifications.

During their testing, the auditors noted the University had not reconciled changes in its State Universities Retirement System (SURS) member data to University records or submitted the required census data reconciliation certifications for fiscal year 2023 data, as required by SURS, as of year-end. The fiscal year 2023 reconciliation was due by May 31, 2024.

Additionally, they noted the fiscal year 2022 reconciliation and subsequent certification that was due by May 31, 2023, was not completed and submitted to SURS as of June 30, 2024.

In accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide: State and Local Governments, SURS stated employee census data should be reconciled annually by each university to a report provided by SURS and used

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by SURS' and the Department of Central Management Services' (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. SURS requested the University to reconcile its Fiscal Year 2022 census data, certify to SURS that the reconciliation and eligibility review was completed, and report any potential data errors found by May 31, 2023. SURS requested the University to reconcile its Fiscal Year 2023 census data, certify to SURS that the reconciliation and eligibility review was completed, and report any potential data errors found by May 31, 2024.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain an effective system, or systems, of internal controls. Effective internal controls should ensure reconciliations are completed by required due dates.

University officials stated the University has been actively engaged with officials from SURS since FY22 regarding their project to verify all employee's pensionable earnings, termination dates, and other employment data since the early 1970's. This project consumes significant staffing resources as University officials need to manually review paper personnel files and legacy systems from before the implementation of the University's current ERP system in 2001 to validate data.

Failure to perform and submit the required certifications could lead to reduced reliability of pension and OPEB related information and balances.

UNIVERSITY RESPONSE:

Accepted. The University has been actively engaged with officials from SURS since FY22 regarding their project to verify all employee's pensionable earnings, termination dates, and other employment data since the early 1970's. This project consumes significant staffing resources as university officials need to manually review paper personnel files and legacy systems from before the implementation of the university's current ERP system in 2001 to validate data. The University recognizes that the delay in this reconciliation causes frustration but has been actively communicating auditor progress to SURS officials. The University has sent the FY22 report to the State as of March 30, 2025; the FY23 audit will be submitted on April 30, 2025, and the FY24 audit on May 30, 2025.

UPDATED RESPONSE:

Implemented.

The University prioritized the reconciliations of the FY22, FY23, and FY24 data and all reconciliations were completed by June 30, 2025. We also appreciate the valuable guidance and collaboration from the SURS office throughout this process, which contributed to the ultimate completion of the reconciliations.

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

FINDING: *Inadequate Internal Controls over Census Data – This finding has been repeated since 2020.*

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

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

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 pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2022 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2023, which is incorporated into the University's Fiscal Year 2024 financial statements.

During testing, the auditors noted the following:

- During their cut-off testing of data transmitted by the University to SURS, they noted 35 instances of an active employee becoming inactive were reported to SURS after the close of the fiscal year in which the event occurred. There were also 2 instances previously reported that still impacted the June 30, 2022 census data.

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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 2023.

The Fiscal Control and Internal Auditing 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 funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

University officials indicated that the exceptions occurred due to untimely processing of status changes for employees separating from the University at the end of the fiscal year. The other two incidents are considered isolated events carried over from prior testing due to the lag in the underlying census data and timing of testing and compliance examination period.

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.

UNIVERSITY RESPONSE:

Accepted. The University procedure for salaried employee is to complete an event after final vacation payout has been paid to the employee. Vacation payouts are paid the pay period after an employee terminates. The University has prioritized processing of status changes before the end of the fiscal year to ensure that they are completed within 30-days of the vacation payout. Due to the one year lag in the underlying census data relative to the compliance examination of census data report, implementation of corrective action will not take effect until fiscal year 2024 census data which will be reported in the compliance examination of census data for the year ended June 30, 2025.

UPDATED RESPONSE:

Implemented.

The University has updated its current practices and procedures to ensure controls and timely submission of the census data.

- 7. The auditors recommend the University continue its efforts to develop and implement a program to require all employees to submit time sheets in accordance with the Act.**

FINDING: *Failure to Submit Proper Time Reporting – This finding has been repeated since 2005.*

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Northern Illinois University (University) did not require all employees to submit time sheets, as required by the State Officials and Employees Ethics Act.

During their testing of 80 employees, the auditors noted that seventeen faculty employees (21%) did not submit time sheets documenting time spent each day on official State business to the nearest quarter hour.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430) requires the University to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5 (c)) further states, "The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour."

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure compliance with the Act and appropriate review of time sheets.

This finding was first noted during the examination of the year ended June 30, 2005. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated the University has a system in place that captures time worked as required by the State Officials and Employees Ethics act for salaried supportive professional staff and civil service employees.

By not requiring appropriate time sheets from all its employees, the University lacks complete documentation of the time spent by faculty and staff on official State business as contemplated by the Act.

UNIVERSITY RESPONSE:

Accepted. The University will continue to work with legislators to remove the time reporting requirement of the State Officials and Employees Ethics Act requirement for faculty and graduate assistants and engage the University's legislative team to collaborate with the other universities to initiate recommended legislation to remove the requirement. Additionally, the University is implementing an automated timekeeping and leave reporting system to help streamline the recording of time, including those for employees required to submit time under the Act.

UPDATED RESPONSE:

Partially Implemented.

The University did not require all employees to submit time sheets, as required by the State Officials and Employees Ethics Act, and will continue to collaborate with legislators and other universities to remove the requirement for faculty and graduate assistants. For these employees, there are additional time reporting mechanisms in place and implementation of the SOEAA requirement is impractical because of the nature of their

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work. Additionally, the University is implementing an automated timekeeping and leave reporting system.

- 8. The auditors recommend the University enhance its controls over the processing of commercial card program transactions to ensure employees comply with policies and procedures.**

FINDING: *Inadequate Controls over Procurement Card Use – This finding has been repeated since 2021.*

Northern Illinois University (University) has not established adequate controls over its Commercial Card Program (P-Cards).

The University operates a P-card system that allows individuals throughout the University to make small purchases (defined as less than \$5,000) on a credit card, which is directly paid by the University on a monthly basis. The University's policies require employees allowed a P-card to complete training on P-card procedures and sign an agreement stipulating they will use the card in accordance with the University's policies. The agreement must also be approved by the employee's manager prior to the P-card being issued. The University's policies require all transactions on a card to be approved by the cardholder's manager. Receipts and other related support for the transaction must be provided to the manager for review with the transaction and retained. There were 437 cardholders with transactions during the period of examination who incurred a total of \$10,839,407.

During their review of a sample of 60 P-card transactions, totaling \$48,911, made by 60 employees, they noted the following:

- Six transactions (10%), totaling \$8,935, had no record of being approved, and there has been no proper segregation of duties over these transactions.
- 27 transactions (45%), totaling \$15,155, were not approved timely. The approvals ranged from one to 28 days late.
- Four employees (7%) did not sign the commercial card agreement acknowledging that they will follow the P-card policies and procedures.
- One employee (2%) did not complete the annual required refresher training on P-card procedures.

The University's Commercial Card Program Policies and Procedures Section V states the approving manager must approve cardholder transactions in the card system by the second business day of the following month. Additionally, Section VI states participants of the P-card program are required to take an annual refresher course on policies and procedures.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls.

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Effective internal controls should ensure the commercial card program policies and procedures are being followed.

This finding was first noted during the examination of the year ended June 30, 2021. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated the responsible departments did not follow the requirements of the NIU Commercial Card Program policies and procedures.

Failure to properly adhere to policies and procedures could expose the University to misuse of cards or fraudulent transactions.

UNIVERSITY RESPONSE:

Accepted. University officials will continue to issue monthly communications to reinforce the obligation of cardholders and approvers to comply with established commercial card policies and procedures. Furthermore, NIU Card Services will implement temporary suspensions of card privileges for individuals who fail to adhere to the monthly reconciliation requirements or who do not complete the mandatory annual refresher training.

UPDATED RESPONSE:

Implemented.

The University recognizes the long-standing challenges with Procurement Card compliance and will take a more comprehensive approach to address this issue. In addition to ongoing training, the University will review and refine internal procedures to ensure more effective controls over card use. To enforce compliance, temporary suspensions of card privileges will be implemented for those who fail to meet the established requirements. As part of our efforts to improve efficiency and oversight, the University is also moving toward a model of shared services and greater centralization, which will streamline processes and enhance accountability.

- 9. The auditors recommend the University take appropriate measures to ensure employee performance reviews are conducted in accordance with policy and that every employee receives an evaluation.**

FINDING: *Uncompleted Performance Reviews – This finding has been repeated since 2018.*

Northern Illinois University (University) did not conduct performance reviews for employees in accordance with University policies and does not require performance reviews for all categories of employees.

The University has policies in place governing the performance reviews of civil service staff, supportive professional staff (SPS), and union faculty, however, it does not have

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policies requiring performance reviews for student employees, extra-help (temporary) employees, or non-union faculty members. In addition, during their testing of 30 employees who worked at the University for the time required to perform a meaningful evaluation, the auditors noted that three (10%) employees, who were covered by the University's performance evaluation policy, did not have a performance review performed during the fiscal year in accordance with University policy.

The University's performance review policy for civil service staff and SPS specifies annual performance reviews as they are a key component of employee development. The University policy for union faculty specifies department chairs are to provide evaluations by March 15th of the previous calendar year to union faculty members in their department.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure employee performance reviews are conducted in accordance with policies and that all employees receive a performance evaluation.

This finding was first noted during the examination of the year ended June 30, 2018. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated the lack of performance evaluations was due to constraints and limitations on managing the current performance systems, i.e., it is not automated, no reminders, no system to engage supervisors to complete them consistently on a timely basis.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as the foundation for salary adjustments, promotion, demotion, discharge, recall, and reinstatement decisions.

UNIVERSITY RESPONSE:

Accepted. The University has evaluated and is automating the performance evaluation process, starting with probationary employees. The first release of the automated performance evaluation system will occur in Summer of 2025, and the annual performance evaluation will begin in the Summer of 2026. These changes will assist with the reminders and tracking for management to complete the required performance evaluations. The University will continue to train and develop procedures for supervisors to timely complete the evaluations.

UPDATED RESPONSE:

Partially Implemented.

The University intends to explore a multi-phased approach to using existing technology to automate the tracking and collecting of performance evaluations in fiscal year 2025. In the short term, a system will be set up to automate reminders and track the current paper-based process. The long-term goal is to fully integrate the performance evaluation form

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into the university's ERP system, eliminating the need for paper forms.

- 10. The auditors recommend the University provide the payroll warrant information to the Office of the Secretary of State annually as required.**

FINDING: *Noncompliance with the State Comptroller's Act - New*

Northern Illinois University (University) is not in compliance with the State Comptroller's Act.

During testing, they noted the University had not submitted payroll warrant information to the Office of the Secretary of State during fiscal year 2024.

The State Comptroller's Act (15 ILCS 405/13.1) requires the University to submit the total number of payroll warrants drawn by the University to be paid from funds retained in their own treasuries with the Office of the Secretary of State.

University officials stated exceptions were due to not establishing policies and procedures to comply with the Act as the University was not aware of the mandate requirements.

Failure to provide the required information to the Office of the Secretary of State represents noncompliance with State law.

UNIVERSITY RESPONSE:

Accepted. The University has joined the State Comptroller's Office to seek a legislative solution to resolve this issue. The University already sends each payroll warrant to the Comptroller's office, as required, for each pay period.

UPDATED RESPONSE:

Partially Implemented.

During FY24 it was noted that the university had not submitted payroll warrant information to the Office of the Secretary of State. Upon further examination, it was found that the university submits the information to the Comptroller's database on a semi-monthly basis as payroll is processed which does not meet the requirements of the mandate. The updated use of the database makes this requirement obsolete. The University has involved NIU Legislative Affairs to work with state-wide stakeholders to develop a legislative solution to this requirement.

- 11. The auditors recommend the University conduct a BIA to identify and prioritize critical IT systems and components.**

FINDING: *Weaknesses in Controls over Contingency Planning – New*

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Northern Illinois University (University) did not ensure adequate disaster recovery planning and testing was conducted during the examination period.

During the examination of the University's contingency plan, they noted the University did not perform a Business Impact Analysis (BIA) to identify and prioritize critical IT systems and components.

The *Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology requires entities to conduct a BIA as part of the contingency planning process.

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, Contingency Planning section requires entities to develop contingency plans for systems to achieve continuity of operations for organizational missions and business functions along with addressing system restoration and implementation of alternative missions or business processes when systems are compromised or breached. It emphasizes the importance of BIA as a critical component of contingency planning. BIA helps organizations identify and prioritize their critical systems and processes, assess the potential impacts of disruptions, and develop strategies to mitigate those impacts. This ensures that organizations can maintain or quickly resume essential functions in the event of a disruption.

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

University officials stated that they had developed a disaster recovery (DR) plan. However, the institution was not aware of the guidelines in the Contingency Planning Guide for Information Technology Systems publication that recommends the inclusion of a BIA within the DR Plan.

Failure to conduct BIA hinders the ability for the University to identify and prioritize critical IT systems and components. Without performing BIA, the University could have trouble aligning business processes and systems, determining maximum tolerable downtime, and set objectives for recovery times. Failure to develop a contingency plan over a critical application increases the risk and timing to return the application back to normal operation after an event that damages the system.

UNIVERSITY RESPONSE:

Accepted. The process of creating a Business Impact Analysis (BIA) for the University's functional areas (and their corresponding Business Continuity Plans) is a large project. University leadership will engage the Project Management Office to commence a project to identify functional areas, their priority, and then create their Business Continuity Plans. It is expected that this will be a multi-year project started in the third quarter of 2025. The

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Business Impact Analysis will have a special focus within the Division of Information Technology starting in September 2025.

UPDATED RESPONSE:

Partially Implemented.

The University will evaluate and monitor the associated risks and initiate a project to create Business Impact Analysis (BIA) reports for departments within the University.

12. The auditors recommend the University implement controls to monitor the encryption and disposal of all their devices.

FINDING: *Weaknesses in Controls over the Security and Control of Confidential Information – New*

Northern Illinois University (University) had weaknesses over the security and control of confidential information.

During the examination of the University's security and control of confidential information, it was noted:

- The University did not ensure that 13 out of 40 (33%) devices tested were encrypted. However, during the examination, it was noted that the 13 devices are being monitored for endpoint detection and response to ensure that the devices are protected from threats like malware and unauthorized access.
- The University did not ensure that 2 out of 40 (5%) media devices tested were properly disposed of. The auditors identified during their testing that both devices were not tagged and therefore, their disposal was not tracked.

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, Media Protection (MP-5, MP-6) and System and Communication Protection (SC-28) sections, require entities to develop controls for the protection of confidentiality and integrity of information processed, in transit, and at rest utilizing encryption techniques and tracking of media destruction.

University officials stated that they did not ensure all devices were encrypted and properly disposed of.

Failure to have devices encrypted and properly disposed of may result in confidential or personal information not being adequately protected or properly and timely disposed of.

UNIVERSITY RESPONSE:

Accepted. The University will review their policy on encryption of devices and make appropriate updates by June 30, 2025. Additionally, the University will review the inventory database looking for anomalies and make corrections by June 30, 2025.

UPDATED RESPONSE:

Partially Implemented

The University will improve the policies around machine encryption and review the inventory database and reporting requirements. The University has implemented a new purchasing process to better identify computer inventory. In addition, as part of a recent reorganization, the Ethics and Compliance Office has placed a stronger emphasis on privacy and the appropriate retention of records, further bolstering our efforts to safeguard confidential information.

- 13. The auditors recommend the University implement controls to ensure that anti-virus status is enabled and trackable for all devices.**

FINDING: *Weakness in Controls over System Security – New*

Northern Illinois University (University) had not implemented adequate security and controls over the midrange environment.

During their testing of a sample of 40 servers, the auditors noted 16 (40%) did not have anti-virus enabled.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, System Information and Integrity (SI-3, SI-4) and Program Management (PM-5) sections, require entities to develop controls for malicious code protection mechanisms (signature or non-signature based), and system monitoring, and establishing a system inventory for management and reporting.

University officials stated that the physical servers are outdated and are not compatible with an endpoint detection system and an antivirus system. Further, University officials noted that some servers noted above did not have any Endpoint Detection and Response (EDR) solution enabled.

Failure to have anti-virus enabled on all servers might result in servers not being secured and exposed to inappropriate activity.

UNIVERSITY RESPONSE:

Accepted. Five (5) servers used by third-party NIU Network entities that were very low risk and very low utilization will be shut down by December 31, 2025. All other server without an “anti-virus” solution are virtual hosts; there is no “anti-virus” solution for virtual hosts. These servers will be recorded as a risk and monitored. Other mitigations will be completed by September 30, 2025.

UPDATED RESPONSE:

Partially Implemented.

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The University will improve monitoring, reporting, and coverage of anti-virus software on servers and eliminate problem servers. *Five (5) servers used by third-party NIU Network entities that were very low risk and very low utilization will be shut down by December 31, 2025. All other server without an “anti-virus” solution are virtual hosts; there is no “anti-virus” solution for virtual hosts. These servers will be recorded as a risk and monitored. Other mitigations will be completed by September 30, 2025.*

14. The auditors recommend the University ensure all employees, including new hires, complete the required training within the required timeline. They also recommend the University develop and review cybersecurity policies timely.

FINDING: Weaknesses in Cybersecurity Programs and Practices – This finding has been repeated since 2022.

Northern Illinois University (University) had weaknesses in the internal controls related to cybersecurity programs and practices.

During their testing of the University’s cybersecurity programs, practices, and control of confidential information, the auditors noted:

- Three of 15 (20%) newly hired employees tested did not complete the new hire information security awareness training.
- Four of 15 (27%) newly hired employees tested did not complete the new hire information security awareness training in the required timeframe. The training was completed between 20 and 118 days late.

Additionally, during their testing of management’s review over policies surrounding cybersecurity, it was determined that the following policies were not addressed within a 3-year cadence:

- System Access and Security Policy
- Acceptable Use Policy
- Access Control Policy
- Change Management Process
- Financial Management System Database Backups.

As a result of their testing, the auditors further determined that there is not a formalized policy over the below topics:

- Backup Verification, Timeframes, & Offsite Storage
- Multi-Factor Authentication
- Anti-Virus Policy
- Data Classification Policy

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The Framework for Improving Critical Infrastructure Cybersecurity published by the National Institute of Standards and Technology requires entities to provide cybersecurity training and communicate security policies. Additionally, the University's Information Security Awareness Training Policy requires employees to complete all assigned training within 30 days of the training being made available. The training material is made available to a newly hired employee on their first day and once annually to other employees.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain an effective system, or systems, of internal control. Effective internal controls should ensure employees complete training within the required timeframe.

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 have established procedures reviewed and updated on a routine basis.

University officials stated that they do not have a formalized process in place when an update is required for a policy. It goes through a chain of review and approval and the policy is formally updated. But in the instance when an update is not required, the University does perform an initial review over its security policies but if no changes are required there is no process to formally update the documentation. Therefore, no evidence of review is captured.

The lack of adequate cybersecurity training could result in the University's confidential and personal information being mishandled or unsecured due to lack of awareness resulting in potential vulnerabilities susceptible to cyber-attacks and unauthorized disclosure. Failure to update policies on a 3-year cadence may result in policies to not have proper requirements established and communicated.

UNIVERSITY RESPONSE:

Accepted. The University will review Division of Information Technology policies and create a management framework for review and creation. The University will create or update the policies listed. Additionally, the University will review, update, and normalize the policy around training of employees. The expected completion is December 31, 2025.

UPDATED RESPONSE:

Partially Implemented.

The University will review its policies and create a framework for review and policy creation. Additionally, the University will review, update, and normalize the processes around employee training including the potential revocation of access for those not in compliance.

- 15. The auditors recommend the University to terminate separated users' access on the last day of employment and conduct annual reviews of users' access.**

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FINDING: *Inadequate Controls over Terminated Employee User Accounts – This finding has been repeated since 2021.*

Northern Illinois University (University) did not terminate separated employee's user accounts having access to Financial Management System.

During the examination, they noted users' access was not timely removed for the following:

- For 3 out of 6 sampled terminated users (50%) tested, the access was not removed timely (i.e. within 2 days as required per the policy). Access was removed between 1 and 182 days late.
- Additionally, 4 others terminated users still appeared active and their access was not disabled after their termination date as per the active user listing dated August 14, 2024.

Additionally, auditors noted the University had not developed a policy requiring reviews of individual access rights on at least an annual basis or requiring timely reviews and notification of employee separations to Human Resources (HR).

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

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, Account Management section promotes controls for ensuring access to system resources are appropriately authorized. Additionally, the University's System Access and Security Policy documents users are required to be removed within 24 hours of their termination date.

University officials stated that their procedures are insufficient to force uniform notification to HR when an employee exits the University in the timeframe established by the University's policy.

Failure to implement effective controls over termination access to the environment, applications, and data could result in unauthorized access and manipulation of data.

UNIVERSITY RESPONSE:

Accepted. The University will review its policies around terminations, benchmark best practices, and update the requirements around entry dates to ensure adequate timeframes for processing terminations. The University will also review required access termination timeframes and review a plan for atypical terminations. Additionally, the

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University will review, update, and normalize the policy around departmental review of employee access.

UPDATED RESPONSE:

Partially Implemented.

The University is implementing annual communications with departments regarding proper offboarding as well as formally documenting internal procedures for processing terminations. Additionally, the University will review, update, and normalize the policy around departmental review of employee access.

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.

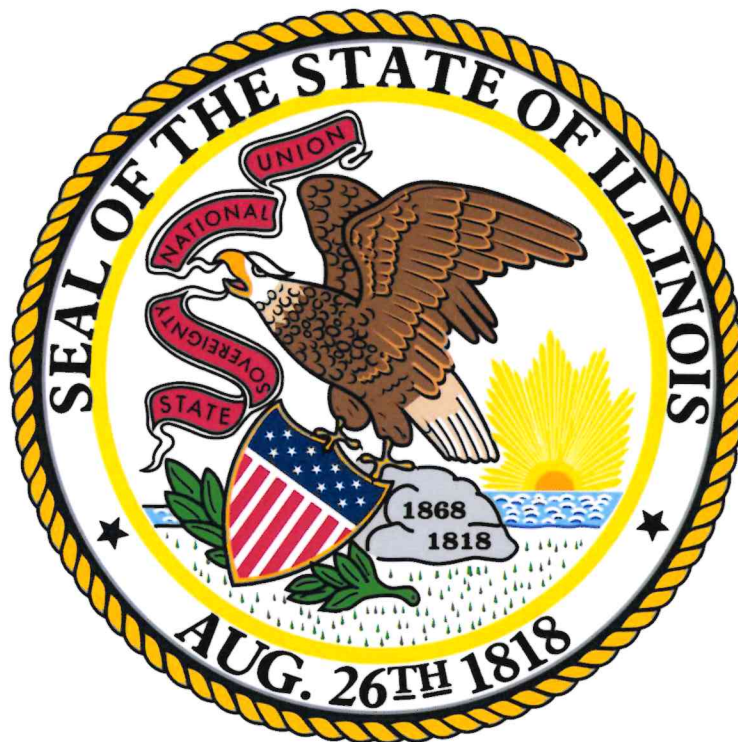
Northern Illinois University had one emergency purchase in the third quarter of FY24 for \$108,437.10 in other funds to replace two police interceptor SUV squad cars that have exceeded their expected life cycle. The UAW strike meant there was no window for ordering nor did the state contract vendor have any available inventory.

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 12, 2024, Northern Illinois University had 459 employees assigned to locations others than official headquarters.

LEGISLATIVE AUDIT COMMISSION



Review #4583
Northeastern Illinois University
Year Ended June 30, 2024

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

REVIEW: #4583 NORTHEASTERN ILLINOIS UNIVERSITY FY24 COMPLIANCE

**REVIEW: #4583
NORTHEASTERN ILLINOIS UNIVERSITY
YEAR ENDED JUNE 30, 2024**

FINDINGS/RECOMMENDATIONS – 11

**IMPLEMENTED/PARTIALLY IMPLEMENTED – 9
UNDER STUDY - 2**

REPEATED RECOMMENDATIONS – 8

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 13

This review summarizes the reports on Northeastern Illinois University (NEIU) for the year ended June 30, 2024. The compliance examination was filed with the Legislative Audit Commission on May 8, 2025. The auditors performed the audits in accordance with Government Auditing Standards, State Law, the Single Audit Act and applicable federal regulations. The auditors stated that the financial statements were fairly presented.

Northeastern was founded in 1867 in Blue Island, Illinois, as the Normal School, Cook County’s first teacher training institution. NEIU as a public comprehensive university with locations throughout Chicago, aims to provide an exceptional environment for learning, teaching and scholarship. NEIU strives to prepare a diverse community of students for leadership and service in the region and in a dynamic multicultural world.

During the audit period, NEIU was led by Dr. Katrina Bell-Jordan who began serving as the Interim President on July 1, 2023, and was named President on August 1, 2024. Dr. Bell-Jordan’s journey at Northeastern Illinois University began in 1997 when she joined as an Assistant Professor in the Department of Communication, Media and Theatre (CMT). She has since held various leadership roles, including serving as CMT Department Chair, Associate Dean in NEIU’s College of Arts and Sciences, and Interim Dean. She was appointed Dean of the College of Arts and Sciences in March 2020.

Appropriations and Expenditures

Appropriations (\$ thousands)	FY23		FY24	
	Approp	Expend	Approp	Expend
GENERAL FUNDS				
Operational Expenses	37,345.3	37,345.3	39,959.5	39,959.5
TOTAL GENERAL FUNDS	37,345.3	37,345.3	39,959.5	39,959.5

Accountants’ Findings and Recommendations

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Condensed below are the 11 findings and recommendations included in the audit report. Of these, 8 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by NEIU, via electronic mail received July 2, 2025.

- 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, they 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.

FINDING: *Inadequate Internal Controls over Census Data – This finding has been repeated since 2020.*

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

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

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

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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 2022 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2023, which is incorporated into the University's Fiscal Year 2024 financial statements.

During testing, the 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 their previous cut-off testing of data transmitted by the University to SURS, the auditors noted 1 instance of an active employee becoming inactive and 1 instance of an active employee becoming active were reported to SURS after the close of the fiscal year in which the event occurred. They also noted 1 instance whereby service credit was different by a total of $\frac{1}{4}$ of a year. These were previously reported, but still had an impact on the June 30, 2022 census data.

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 2023.

The Fiscal Control and Internal Auditing 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 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

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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, who is:

- 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 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, the 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 competing priorities during the implementation of new Human Resource system and the impact of staff turnover resulted in delays. The biographical data was provided to SURS and the remaining item needed in FY23 salary information.

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Failure to ensure complete, timely, 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 agrees with the recommendation.

UPDATED RESPONSE:

Implemented.

NEIU HR completed the required reconciliation of the base year, 2023 and submitted all reconciliation files to SURS.

- 2. The auditors recommend the University continue to implement the requirements of the Act since the position was filled. In addition, they recommend the University complete its peer review.**

FINDING: *Noncompliance with Fiscal Control and Internal Audit – This finding has been repeated since 2022.*

Northeastern Illinois University (University) did not comply with the Fiscal Control and Internal Auditing Act (FCIAA).

During their testing of the University's Fiscal Year 2024 internal audit activities, the auditors noted the following:

- The University did not perform its required peer review in Fiscal Year 2024. The last peer review was performed in 2019. There was no formal approval for an extension but the Office of the Auditor General and the State Internal Audit Advisory Board (SIAAB) were made aware of the delay.
- The Internal Auditor position was vacant from January 7, 2023 through September 17, 2023.
- The Internal Auditor did not conduct all the audits as approved in the Fiscal Year 2024 audit plan. As a result of changes throughout the year, only one audit was completed during Fiscal Year 2024.
- The Fiscal Year 2025 audit plan was not approved by the President prior to the required July 1, 2024 date.

FCIAA (30 ILCS 10/2003(a)) (Act) requires the chief executive officer to ensure that the internal auditing program includes a two-year plan, identifying audits scheduled for the pending fiscal year, approved by the chief executive officer before the beginning of the fiscal year. The Act also requires the University's internal auditing program to include audits

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of major systems of internal accounting and administrative control conducted on a periodic basis so that all major systems are reviewed at least once every two years. FCIAA also requires reviews of the design of major new electronic data processing systems and major modifications of those systems before their installation to ensure the systems provide for adequate audit trails and accountability.

The Institute of Internal Auditors Standard 1312 (External Assessments) requires that external assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.

University officials noted these exceptions were due to the Internal Auditor position being vacant until September 18, 2023. Shortly thereafter, the Internal Auditor established a Fiscal Year 2024 audit plan and had the President sign in September 2023. However, the Internal Auditor was still unable to complete all the scheduled audits and peer review due to competing priorities. University officials stated the Fiscal Year 2025 audit plan was not approved by July 1, 2024 due to many other competing priorities on the President's schedule.

Lack of timely audits, a peer review, required approvals and proper internal audit staffing inhibits the University's ability in monitoring the effectiveness of its system of internal controls and results in noncompliance with the Act.

UNIVERSITY RESPONSE:

The University agrees with the recommendation.

UPDATED RESPONSE:

Implemented.

NEIU Internal Audit has modified the audit plan process to ensure approval signatures are collected prior to July 1 each year. Additionally, audit plans will be modified if it is determined projects won't be completed in the fiscal year they were planned for. Peer Review was completed May 13, 2025.

3. The auditors recommend the University strengthen its controls in identifying and documenting all service providers. Further, they recommend the University:

- **Establish and enforce a formal University-wide onboarding requirement and processes for all service providers.**
- **Establish and enforce a formal University-wide requirement in obtaining SOC reports from service providers.**
- **Establish and enforce a formal University-wide requirement in reviewing SOC reports.**
- **Establish and enforce a formal University-wide requirement in reviewing applicable CUECs and mapping of these CUECs to existing internal controls at the University.**

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FINDING: *Lack of Adequate Control over the Review of Internal Controls for Service Providers – This finding has been repeated since FY2019.*

The Northeastern Illinois University (University) lacked adequate controls over review of internal controls over service providers.

The University entered into agreements with various service providers to assist with significant processes such as (1) implementing University wide defined criteria to identify the third-party service providers that require a service organization controls (SOC) report or equivalent review, including the frequency of reviews performed, and (2) enhancing the SOC report review procedures to perform mappings of Complementary User End Controls (CUECs) to specific University internal controls.

The University could not provide a population of service providers. The population/report of service providers is manually maintained by the University and includes both vendors and service providers, resulting in samples that did not meet the criteria of a service provider.

Due to the condition noted above, the auditors were unable to conclude the University's population records of service providers were complete, accurate, and reliable under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C 205.36; AU-C 330; AU-C 530).

The auditors selected a sample of service providers where a SOC report was required for Fiscal Year 2024 and noted the following:

- The University has not established a documented and comprehensive policy or procedures to guide vendor's due diligence when onboarding third-party service provider and defining a service provider versus a vendor.
- The University has not established documented policies and procedures to monitor performance and contractual compliance of service providers.
- Even given the population limitation, they selected 10 service providers from the listing provided by the University, where the SOC report was required for Fiscal Year 2024 and noted the CUECs in these SOC reports were not mapped to existing internal controls at the University.

The finding was first reported in Fiscal Year 2019. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve controls over service providers.

The Fiscal Control and Internal Auditing 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 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

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accountability over the State's resources.

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

University management indicated the conditions noted were due to the complexities of implementing, coordinating, and executing a university-wide program that requires buy in and participation from multiple stakeholders and departments.

The lack of a comprehensive university-wide population of service providers and the lack of a consistent process executed by the University departments to evaluate the service providers make it difficult to identify and assess risks that service providers have on security, integrity, availability, confidentiality, and security of University computer systems and data.

UNIVERSITY RESPONSE:

The University agrees with the recommendation.

UPDATED RESPONSE:

Partially Implemented.

NEIU Purchasing and UTS have implemented a Vendor Policy and are also working on a procedure to guide departments in monitoring vendor performance using the Vendor Report Card which will be incorporated to all new existing contracts as they are renewed.

4. The auditors recommend the University:

- **Periodically review and update user access.**
- **Ensure implementation of governance monitoring.**
- **Ensure documentation of responses to all identified incidents.**
- **Update all operating systems timely.**

FINDING: *Weaknesses in Computer Security – This finding has been repeated since FY2017.*

Northeastern Illinois University (University) has not adequately safeguarded their computing environment.

During their review of the University's computer security, the auditors noted the following:

- ERP access testing:
 - The user access review is not comprehensively performed to include the

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- appropriateness of all active permissions.
- 1 (10%) of 10 new accounts tested did not have documented approval.
- For 8 (67%) of 12 terminated users tested, there was no documented evidence that the employee level access was removed in a timely manner.
- For 10 (33%) of 30 users tested, the user's manager noted access was not appropriate due to termination or job function.
- For 2 (22%) of 9 users with administrative access tested, the users accounts remained after active the users were terminated or after the consulation period was completed.
- Student system access testing:
 - For 1 (10%) of 10 users tested, noted access was not appropriate due to job function per inquiry with the controller's office.
 - For 2 (67%) of 3 terminated users tested, a termination ticket was not documented as the users were deactivated before the termination process was formalized.
- Human Resource system access testing:
 - For 1 (10%) of 10 terminated users tested, termination was not executed timely (165 days).
 - 40 devices were running unsupported operation systems.
 - The data privacy training program has not been fully implemented, including developing a plan for monitoring the implementation of the governance process.
 - 2 (40%) of 5 incident resolutions tested were not documented to include resolution of incident or the total impact on the systems.

The finding was first reported in Fiscal Year 2017. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve its controls over computer security.

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, Access Control section, requires entities to develop access provisioning policies and establish controls to ensure authorized users only have needed access.

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 University officials stated the cause of the finding is due to the University experiencing staffing constraints, turnover, and completing priorities resulting in a lack of awareness of the importance of responding timely to user access reviews, as well as adding and terminating employees from the systems in a timely manner.

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Failure to (1) periodically review users' access rights, (2) implement governance monitoring, (3) update operating systems, and (4) document incident response resolution could result in inappropriate access and manipulation of the University's data.

UNIVERSITY RESPONSE:

The University agrees with the recommendation.

UPDATED RESPONSE:

Partially implemented.

UTS continues to strengthen controls and oversight over our IT environment, aligning with the most recent IT security standards.

- 5. The auditors recommend the University document, approve, and maintain all system changes, in addition to requiring a post implementation review of those system changes.**

FINDING: *Lack of Adequate Change Management Controls – First reported 2023, Last reported 2024*

Northeastern Illinois University (University) did not have adequate Change Management Controls.

During their testing of 27 Human Resource system changes, the auditors noted the following:

- 19 (70%) change tickets were missing approvals, testing, or migration documentation.
- 4 (15%) change tickets were closed without the changes being made to the environment or documentation on why the changes were not made.

In addition, the University does not require a post implementation review for system changes.

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, Information Protection Processes section, requires entities to develop Security policies (that address purpose, scope, roles, responsibilities, management commitment, and coordination among organizational entities), processes, and procedures are maintained and used to manage protection of information systems and assets.

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 to maintain

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accountability over the State’s resources.

University officials stated the cause of the finding is due to staffing constraints and not having a University-wide Change Management Policy in place.

Failure to periodically review or monitor all implemented changes might lead to inappropriate changes being made to sensitive systems.

UNIVERSITY RESPONSE:

The University agrees with the recommendation.

UPDATED RESPONSE:

Under Study.

UTS will develop and implement an IT Change Management policy for all internally managed IT systems with appropriate workflow and approval tools along with a periodic review of the change review process.

Internal Business Units will ensure proper change management process as outlined in the audit recommendations for all major system configuration changes relating to specific business processes outside of UTS purview.

- 6. The auditors recommend the University’s Registrar’s Office implement greater controls to ensure that an accurate determination of the last date of attendance is used for withdrawal determinations reported to NSC and then to NSLDS.**

FINDING: *Noncompliance with Enrollment Reporting Requirements – New*

Federal Agency:	Department of Education
Assistance Listing Numbers:	84.268, 84.063
Program Names and Award Numbers:	Federal Direct Student Loans, Federal Pell Grant Loans
Program Expenditures:	\$10,983,995, \$12,186,160
Questioned Costs:	None

Northeastern Illinois University (University) did not have adequate procedures and controls in place to ensure that the effective date of students who unofficially withdrew was accurately reported to National Student Loan Data System (NSLDS).

CONDITIONS FOUND & CRITERIA

During their testing of the University’s compliance with enrollment reporting requirements Direct loan programs via the NSLDS (OMB No. 1845-0035), the auditors noted the University did not update program-level and campus-level effective enrollment dates for the students’ appropriate withdrawal date. They noted the following:

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- Two of 25 (8%) of the students originally tested withdrew during the Fall semester however were reported to NSLDS as withdrawn with an effective enrollment date for the last day of the spring semester.

NSLDS requires the that date the current enrollment status is to be reported when the change was first effective (See 4.4.2 of *NSLDS Enrollment Reporting Guide*)

- Five of 25 (20%) of the students originally tested withdrew during their respective fall and spring semester however were reported to NSLDS as withdrawn with an effective enrollment at the end of the semester and not updated retroactively.
- 15 of 15 (100%) additional students tested as a result of the error withdrew during their respective fall and spring semester however were reported to NSLDS as withdrawn with an effective enrollment at the end of the semester and not updated retroactively thus bringing total errors to 22 of 40 students (55%).

NSLDS requires the that date the current enrollment status is to be reported when the change was first effective (See 4.4.2 of *NSLDS Enrollment Reporting Guide*) and can be retroactively reported to reflect the accurate effective date (See 4.4.5 of *NSLDS Enrollment Reporting Guide*). The sample was not intended to be, and was not, a statistically valid sample.

NSLDS Enrollment Reporting Guide (4.4.5) does speak to continue education as a way of determination of student's enrollment status. However, this is only applicable when evaluating the end of the current school year, during the spring and summer semester, with respect to the upcoming school year' fall semester.

The University officials stated the errors noted were due to the two separate processes involved and how they capture and report data. The Registrar's Office reports monthly to National Student Clearinghouse (NSC) on student enrollment, including official withdrawals. The Registrar's Office is required to report annually on unofficial withdrawals. The Financial Aid Office identifies unofficial withdrawals at the end of each semester. Due to the different time periods of each process for collecting and reporting the dates, these errors occurred.

Failure to meet enrollment reporting requirements is noncompliance with federal regulations and could result in loss of loan/grant funding in future years.

UNIVERSITY RESPONSE:

The University agrees with the recommendation. The Registrar's Office will utilize the Financial Aid Office's last date of attendance report to back date the effective enrollment reported date for unofficially withdrawn students.

UPDATED RESPONSE:

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Implemented.

The Registrar's Office will incorporate Financial Aid's reporting frequency of unofficial withdrawals, a category strictly used by the Financial Aid office which the Registrar's Office does not recognize with their own data to resolve this issue in the reporting.

7. The auditors recommend the University improve its grant reporting and monitoring process to adhere with grant requests for reporting utilizing a calendar schedule and proper review before submission.

FINDING: *Noncompliance with Grant Report Requirements – This finding has been repeated since FY2020.*

Federal Agency:	Department of Education
Assistance Listing Numbers:	84.425F
Program Names and Award Numbers:	Education Stabilization Fund Under the Coronavirus Aid, Relief, And Economic Security Act [COVID-19 Higher Education Emergency Relief Fund: Institution Portion (P425F200852)]
Program Expenditures:	\$2,160,298
Questioned Costs:	None

Northeastern Illinois University (University) did not have adequate procedures in place to ensure the Education Stabilization Fund - Higher Education Emergency Relief Fund (HEERF) reports were accurate and timely submitted to the U.S. Department of Education and posted to the University's website.

During their testing of the University's compliance with the grant reporting requirements for HEERF, the auditors noted the University did not review the required reports to ensure accuracy and compliance with the reporting requirements of the grant agreement. They noted the following:

- Four of 4 (100%) Quarterly Public Reports improperly did not report the cumulative student aid disbursed for each undergraduate and graduate student.

The Department of Education Quarterly Budget and Expenditure Reporting Form requires the posting of cumulative student aid disbursed by quarter for both undergraduate and graduate.

- Two of 4 (50%) Quarterly Public Reports were posted 175 days and 84 days late to the University's website.

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The Department of Education Quarterly Budget and Expenditure Reporting Form requires the University to post the Quarterly Public Reports covering each quarterly reporting period (September 30, December 31, March 31, June 30), no later than 10 days after the end of each calendar quarter.

Uniform Guidance (2 CFR 200.303(a)) requires nonfederal entities receiving federal awards to establish and maintain effective internal control designed to reasonably ensure compliance with Federal laws, statutes, regulations, and the terms and conditions of the Federal award.

University officials stated required reports were not timely and accurately submitted due to turnover within the University resulting in staffing constraints.

Failure to meet grant reporting requirements is noncompliance with federal regulations and could result in loss of grant funding in future years.

UNIVERSITY RESPONSE:

The University agrees with the recommendation.

UPDATED RESPONSE:

Implemented.

Internal processes for requesting and reporting grant information, as mandated by specific grants, have been updated to enhance the timeliness of posting requirements. In addition, training has been provided to ensure multiple individuals are equipped to handle these reporting duties. The Controller's Office will regularly monitor funding agency websites to stay current on any changes in reporting requirements. Published reports will be updated accordingly to comply with the funding agency's standards. Furthermore, the Controller's Office will ensure that reports are submitted and published on time, in line and the funding agency's deadlines.

- 8. The auditors recommend the University create a system of processes and controls to place holds on noncompliant student's accounts as required by the Act. In addition, they recommend the University develop a control to ensure reports are submitted timely to the IDPH to ensure accurate reporting at the University. They further recommend the University to work with IDPH on how to submit required information according to the Act.**

FINDING: *Noncompliance with College Student Immunization Act – First reported 2023, Last reported 2024*

Northeastern Illinois University (University) is not in compliance with the College Student Immunization Act and the Illinois Department of Public Health's (IDPH) administrative rules.

The auditors noted the following in their testing:

- The University did not submit the student immunization annual summary report to

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IDPH by the 8th week of the fall semester due to the IDPH not providing a link to submit the data at that requested time. As such, no supporting documentation was provided.

- The University does not place holds on the students' accounts if they do not provide proof of immunization, certification of medical exemption or a statement of religious objection.

The College Student Immunization Act (Act) (110 ILCS 20/2) states that no person shall attend a post-secondary educational institution without presenting proof that he or she has received such immunizations against preventable communicable diseases. The proof of immunization required by this Section shall be presented to the post-secondary educational institution. In addition, per the Act (110 ILCS 20/4), if no proof of immunization, certification of medical exemption or statement of religious objection from an enrolled student is in the possession of the post-secondary educational institution, the person shall be precluded from registering in a subsequent term or semester until such time as the appropriate documentation is presented to the institution. The institution shall not be liable for any monetary loss on the part of a student precluded from registering for failure to comply with the provisions of this Act.

The Act (110 ILCS 20/6) states within 8 weeks after the commencement of classroom instruction, the post-secondary educational institution shall file a report with the IDPH stating the number of persons attending the institution who had presented, proof of immunization, certification of medical exemption, statement of religious objection, and no proof of immunization. The report shall be on forms prepared by the IDPH.

University officials stated due to turnover within the health services department, the data provided previously to the IDPH was not able to be analyzed during the transition and was not accurately submitted. In addition, due to the large volume of students that are noncompliant with their immunizations (over 5,000 students) and lack of resources at the University, the University is unable to develop controls and processes to follow-up with students that are noncompliant. In addition, administration does not place a hold on student's account, causing no consequences if the student is noncompliant. University officials stated enrollment has consistently been lower than desired in recent years. Therefore, the University is concerned placing a hold on student accounts would cause more enrollment issues.

Failure to submit a required report to the IDPH and to maintain a listing of noncompliant students and ensuring that most, if not all, students have received required vaccinations, creates a noncompliance with the Act.

UNIVERSITY RESPONSE:

The University agrees with the recommendation.

UPDATED RESPONSE:

Under Study.

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Student Health Services continues to encourage students to provide immunization data. Additionally, Student Health Services offers free vaccinations to students. Lastly, technology solutions are being reviewed and considered to assist with timely reporting information to IDPH.

- 9. The auditors recommend the University consult with the IBHE regularly to ensure agreed upon questions are formulated through the University system so accurate demographic information is identified. In addition, they recommend the University publish this information on the website so all users have access to pertinent information regarding childcare options, diversity, and population at the University.**

FINDING: *Noncompliance with the Student Parent Data Collection Act – New*

Northeastern Illinois University (University) did not comply with the Student Parent Data Collection Act.

During their review of the University's reporting requirements, the auditors noted the University did not participate in a consultation with the Illinois Board of Higher Education (IBHE) to prepare a question or questions for the purpose of determining the parental status or legal guardian status. While a consultation did not take place, the University reports student-parent data through IBHE's portal using Free Application for Federal Student Aid (FAFSA) data. While the University reports data to IBHE annually, the University did not include the prepared question in one or more forms that are used annually to collect demographic data from students. In addition, they noted the University did not publicize data reported to the Board of Higher Education annually on their website.

The Student Parent Data Collection Act (110 ILCS 149/10(a)) states the IBHE, in consultation with the Illinois Community College Board, public institutions of higher education, and advocates, shall prepare a question or questions to be placed on one or more forms that are used by an institution on an annual basis to collect demographic data from its students for the purpose of determining the parent status or legal guardian status of each of its enrolled students.

The Student Parent Data Collection Act (110 ILCS 149/10(b)) states the data collected under subsection (a) must be disaggregated by all variables collected normally, including, but not limited to, the student's race, ethnicity, income, gender, age, enrollment status, type of credential sought, receipt of financial aid, grade point average, persistence toward a degree or credential, and completion outcomes.

The Student Parent Data Collection Act (110 ILCS 149/20(a)) states on or before July 1, 2022 and annually thereafter, each public university shall report the data collected under Section 10 to the IBHE.

The Student Parent Data Collection Act (110 ILCS 149/20(b)) states each institution, the IBHE, and the Illinois Community College Board shall make the data reported under subsection (a) publicly available annually on their Internet website.

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University officials stated they did not participate in a consultation with the Board of Higher education to prepare a question or questions for the purpose of determining the parental status of each of its enrolled students due to using FAFSA data to submit data to the IBHE. As such, the University did not have forms used annually to collect demographic data from students and therefore, no report was posted to the University website.

Failure to participate in a consultation with the IBHE and publicize this information does not present data that could be beneficial in decision making regarding overall demographics and campus childcare.

UNIVERSITY RESPONSE:

The University agrees with the recommendation.

UPDATED RESPONSE:

Implemented.

Office of Institutional Research & Assessment (OIRA) has created a webpage on their website to capture and present the required Student Parent Data and will consult with IBHE regularly.

10. The auditors recommend the University develop a process and control to ensure accurate reports are submitted timely to the IBHE by required deadlines.

FINDING: *Failure to Timely Submit Required Salary Report – New*

Northeastern Illinois University (University) did not submit their salary report to the Illinois Board of Higher Education (IBHE) by the required deadline.

The University's Board of Trustees did not timely provide an annual report to the IBHE with the base salary and benefits of the University's President, all administrators, faculty members, and instructors employed by the University. The auditors noted the report was provided to the IBHE on November 5, 2023 which was past the required deadline. In addition, there were errors found by the University within the report that were corrected and subsequently provided in March 2024.

The Northeastern Illinois University Law (110 ILCS 680/25-165) requires the Board of Trustees to report to the IBHE, on or before July 1 of each year, the base salary and benefits of the president of the University and all administrators, faculty members, and instructors employed by the University.

University officials stated the report was not provided timely due to continuous turnover in the Human Resources department and difficulty reconciling data from the University's Information systems, as well as converting data to IBHE reporting requirements. In addition, an error in the delayed report was identified and required further submission which caused further delay.

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Failure to provide timely and accurate data of the base salary and benefits of the University and all administrators can lead to unfair or unreasonable wages and is a noncompliance with the Northeastern Illinois University Law.

UNIVERSITY RESPONSE:

The University agrees with the recommendation.

UPDATED RESPONSE:

Implemented.

NEIU HR has build a custom report within Workday which will report the information in the format IBHE requires thus eliminating missed deadlines.

- 11. The auditors recommend the University implement controls and processes to ensure all guidelines are met, including obtaining signed Form I-9s, retaining documentation to support that all employees complete the required ethics training, reviewing payroll for accuracy to verify employees are paid the correct amount, and certifying the Statement of Economic Interest filers by the due date.**

FINDING: *Inadequate Controls Over Personnel Files – First reported 2023, Last reported 2024*

Northeastern Illinois University (University) was not in compliance with personal services guidelines.

During their testing, the auditors noted that the Statements of Economic Interest filers were certified on February 6, 2024, 5 days past the required deadline.

During their payroll testing, they noted the following:

- 1 of 25 (4%) personnel files examined did not contain a complete Employment Eligibility Verification (Form I-9) prior to the employee's hire date.
- 1 of 25 (4%) personnel files examined did not have documentation to support that the required ethics training was completed.
- 2 of 25 (8%) employees selected for testing were not paid properly during the period selected. One employee did not have a submitted, nor approved, timesheet for the period selected for testing and therefore was not paid. The other employee was overpaid for 10 pay periods, resulting in a total overpayment of \$187.

The Illinois Governmental Ethics Act (5 ILCS 420/4A-106.5) requires that on or before February 1 annually, the University employing persons required to file to certify to the Secretary of State the names and mailing addresses of those persons.

The Immigration Reform and Control Act of 1986 (8 U.S. Code § 1324a) as well as the Code of Federal Regulations (8 C.F.R. § 274a.2) require an entity to obtain an Employment Eligibility Verification Form (Form I-9) from all employees.

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The State Officials and Employees Ethics Act (5 ILCS 430/5-10) requires that each officer, member, and employee must complete, at least annually, an ethics training program conducted by the appropriate State agency.

The Illinois Wage Payment and Collection Act (820 ILCS 115/10) requires that employers keep records of names and addresses of all employees and of wages paid each payday and furnish each employee with a pay stub for each pay period.

University officials stated that the list was not certified by the required date due to turnover in the Ethics Officer position. The Interim Ethics Officer did not receive the list until February 6, 2024. University officials stated the missing I-9 was due to oversight with a 100% paper-based process and large demands on a limited HR staff. Additionally, University officials stated the one person who did not complete ethics training was an oversight. Finally, University officials stated the improper payments were due to limited HR staff, which affected proper review of payments.

Failure to maintain adequate controls over required filers, required employment forms and payroll could result in missing filings, unauthorized individuals being employed by the University, incorrect treatment of payroll and related deductions, and improper payments. Failure to maintain adequate controls over required training could result in noncompliance and untrained staff

UNIVERSITY RESPONSE:

The University agrees with the recommendation.

UPDATED RESPONSE:

Implemented.

The required forms are now electronically completed and maintained in Workday. The Ethics Officer is actively monitoring all required reporting for Statements of Economic Interests and other mandated items to ensure accuracy and compliance.

Emergency Purchases

A chief procurement officer making such emergency purchases is required to file affidavits or statements with the Procurement Policy Board and the Auditor General setting forth the amount expended (or an estimate of the total cost), the name of the contractor involved, and the conditions and circumstances requiring the emergency purchase. The Code also allows for quick purchases. 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.

During the first quarter of FY24, NEIU had one emergency purchase for \$156,800 in other funds for labor, equipment, tools, and materials for the demolition and removal of the old

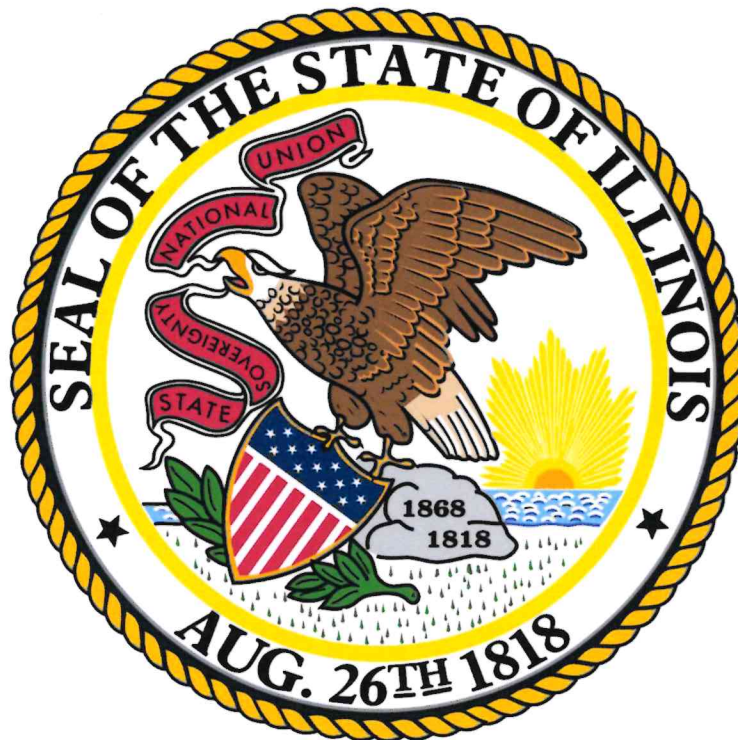
dust collector system, and installation a new dust collector system following a fire in the Fine Arts Woodshop.

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 8, 2024, NEIU had no employees assigned to locations others than official headquarters.

LEGISLATIVE AUDIT COMMISSION



Review of
Department of Insurance
620 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

REVIEW: #4584 DEPARTMENT OF INSURANCE FY21-22 COMPLIANCE

**REVIEW: #4584
DEPARTMENT OF INSURANCE
TWO YEARS ENDED
JUNE 30, 2022**

RECOMMENDATIONS – 19

**IMPLEMENTED/PARTIALLY IMPLEMENTED – 18
ACCEPTED – 1**

REPEATED RECOMMENDATIONS – 9

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 11

This review summarizes the auditors' report on the Department of Insurance for the two years ended June 30, 2022, filed with the Legislative Audit Commission on March 23, 2023. The auditors performed a compliance examination in accordance with *Government Auditing Standards* and State law.

The Department of Insurance was re-established on June 1, 2009 by Executive Order 2009-04. The Department was previously a part of the Department of Financial and Professional Regulation. The mission of the Department is to protect consumers by providing assistance and information, efficiently regulating the insurance industry's market behavior and financial solvency, and fostering a competitive insurance marketplace. The Department carries out this mission through effective administration and enforcement of the Illinois Insurance Code, the Illinois Pension Code, and related laws and regulations. The Department has 14 Divisions as follows:

- Office of Legal Affairs
- Legislative Affairs
- Internal Audit
- Finance
- Procurement and Administration
- Human Resources
- Property and Casualty
- Life and Annuities
- Health Products
- Financial/Corporate Regulatory
 - Financial Regulation Section
 - Actuarial Services Section
 - Financial Examinations Section
 - Corporate Regulations Section
 - Public Pension Section

REVIEW: #4584 DEPARTMENT OF INSURANCE FY21-22 COMPLIANCE

- Information Technology
- Consumer Education and Protection
- Get Covered Illinois

- Investigation
 - Workers' Comp Fraud Section
 - Producer Regulatory Section
 - Licensing/Education and Testing Section

The Department has three associated organizations as follows:

- The Office of the Special Deputy (OSD) assists the Director in carrying out the statutory responsibilities of conservator, rehabilitator, or liquidator of insurance companies declared insolvent or otherwise impaired from managing their own affairs.
- The Comprehensive Health Insurance Plan (CHIP) offers health insurance to a limited number of Illinois residents who can afford, but cannot find adequate health insurance coverage in the private market because of their medical or physical condition.
- The National Association of Insurance Commissioners (NAIC) is a central organization of nationwide chief insurance regulatory officials who strengthen and improve State regulation through the formulation of common goals and uniform policies.

The current Acting Director is Ann Gillespie who began serving on April 10, 2024. Ms. Gillespie is a former State Senator who championed health care and insurance reforms. Prior to joining the Illinois General Assembly in 2019, she practiced health care law, served as Chair of the Illinois HMO Guaranty Association, and consulted with state insurance departments managing HMOs in receivership. Ms. Gillespie held several leadership roles in the health care industry, including at CVS/Caremark. She was Vice President, Member Communications Operations, heading member communication strategy and operations for commercial and Medicare lines of business. Prior to that, she was Vice President, Operations Member Experience, leading the Pharmacy Benefit Manager (PBM) enterprise team and overseeing the member experience across Mail, Customer Care, Clinical, and Specialty operations. Previously, she was Vice President & General Manager, Mail Pharmacy Operations in the Chicago area. Dana Popish Severinghaus served as Director from 2021-2024.

The average number of employees for the fiscal years ended June 30 was as follows:

Division/Unit Based on Funding Source	2022	2021	2020
Workers' Comp Commission Operations	11	1	2
Public Pension Regulatory	4	4	10
Insurance Producer Administration	92	98	95
Insurance Financial Regulation	97	103	100
Total	204	206	207

REVIEW: #4584 DEPARTMENT OF INSURANCE FY21-22 COMPLIANCE

Expenditures From Appropriations

Appropriations (\$ thousands)	FY21		FY22	
	Approp	Expend	Approp	Expend
OTHER STATE FUNDS				
Personal Services	40,192.1	30,706.3	35,883.0	32,452.2
Contractual Services	3,220.0	3,053.0	3,220.0	2,382.4
Other Operations	4,864.5	2,712.3	4,575.5	2,841.5
Designated Purposes				
Operations of Insurance Fraud Div. of Workers' Comp. Anti-Fraud Prog.	2,862.0	819.0	2,600.0	1,748.2
Get Covered IL Lump Sum	2,000.0	1,958.9	1,800.0	1,787.1
Operational Expenses	2,288.8	1,229.0	9,250.0	1,851.5
Support Parity Implementation and Enforc.	0.0	0.0	2,000.0	0.0
Grants				
George Bailey Memorial Program	100.0	0.0	100.0	0.0
TOTAL OTHER STATE FUNDS	55,527.4	40,478.5	59,428.5	43,062.9
FEDERAL FUNDS				
Insurance Market Flexibility	284.2	97.7	284.2	55.4
TOTAL FEDERAL FUNDS	284.2	97.7	284.2	55.4
TOTAL	55,811.6	40,576.2	59,712.7	43,118.3

Security Deposit Fund

The Security Deposit Fund is a fiduciary fund created by the Insurance Code. The Code requires companies domiciled in the State to make and maintain, with the Director of the Department, a deposit of securities having a fair market value of specified amounts for the protection of all creditors, policyholders, and policy obligations of the company. At the end of FY22, the total on deposit was \$846.7 million.

Accountants' Findings and Recommendations

Condensed below are the 19 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 Department of Insurance, via electronic mail received March 23, 2023.

- 1. The auditors recommend the Department strengthen its controls over accounts receivable by performing thorough reviews and reconciliations of the data it**

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uses to generate the C- 97, C-98, and C-99 Forms. Further, they recommend the Department have the staff already allocated to review and monitor past due accounts also refer them to the Comptroller's Offset System, the Bureau, or to the Office of Attorney General as required by State laws, or hire additional staff to perform the required referrals.

FINDING: *(Inadequate Controls over Accounts Receivables) – First reported 2020, last reported 2022*

The Department of Insurance (Department) did not have adequate controls over the reporting and collection of its accounts receivable.

During their testing, auditors noted the following:

- The Department did not track and ultimately did not report accounts receivables for cost containment fees, data sales, and public sales for Fiscal Years 2021 and 2022 in the Quarterly Summary of Accounts Receivable Reports (C-97, C-98, and C-99 Forms) filed with the Illinois Office of Comptroller (Comptroller). The total billings for such fees amounted to \$2,475,161 and \$2,552,771 for Fiscal Year 2021 and Fiscal Year 2022, respectively.

The Statewide Accounting Management System (SAMS) Manual (Procedure 26.30.10) states the C-97, C-98, and C-99 Forms provide a summary of the status of the State's receivables and related collections activity on a quarterly basis.

Further, the Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues 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.

Lastly, a good system of internal control includes ensuring receivables are properly and accurately recorded and maintained by the Department.

Department management indicated the Department failed to include the receivables related to cost containment fees, data sales, and public sales to the Accounts Receivables Reports due to oversight.

- For 2 of 25 (8%) June 30, 2022 accounts receivable balances tested (both aged 917 days), the Department had not placed them in the Comptroller's Offset System or referred them to the Debt Collection Bureau of the Illinois Department of Revenue (Bureau). The two accounts receivable balances totaled \$113,000 as of June 30, 2022.

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The SAMS Manual (Procedure 26.40.20) requires the Department to place all debts over \$250 and more than 90 days past due in the Comptroller's Offset System.

Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 1200.60) requires the Department to refer to the Bureau all debt owed to the State, provided that the debt satisfies the requirements for referral of delinquent debt. The Code (74 Ill. Admin. Code 1200.50) defines "delinquent debt" as a debt to the State or any of its agencies that is owed by any person or entity, that is \$10 or more, and that is more than 90 days past due.

Department management stated the exception noted was due to oversight and lack of available staff to monitor delinquent receivables.

- For 8 of 25 (32%) June 30, 2022 long outstanding accounts receivable balances tested (aged between 1,056 to 3,433 days), the auditors noted the Department did not refer to the Office of the Attorney General for certification of debts' collectability. The 8 accounts receivable balances totaled \$32,418 as of June 30, 2022.

The Uncollected State Claims Act (30 ILCS 205/2(a)) requires the Department to request the Attorney General to certify the claim or accounts receivable as uncollectible when it is unable to collect any claim or account receivable of \$1,000 or more after having pursued the debt in accordance with State law.

Department management stated the exception noted was due to oversight and lack of available staff to monitor delinquent receivables.

Failure to maintain accurate accounts receivable records and accurately report accounts receivable balances could lead to the failure of properly collecting amounts owed to the State, inaccuracies in statewide financial statement reporting, increases the risk that errors and irregularities could occur and not be detected by the Department on a timely basis, and represents noncompliance with the Act and the SAMS Manual. Additionally, failure to utilize available mediums of debt collection hinders oversight authorities' ability to collect debts on behalf of State agencies, may result in a loss of State revenues, and represents noncompliance with State laws and regulations. Finally, failure to write-off uncollectible debts may result in unnecessary funds expended for monitoring and collection of such debts, and possible overstatement of State receivables.

DEPARTMENT RESPONSE:

The Department agrees with the finding. Department staff has contacted the IOC on two separate occasions for guidance on reporting the revenues for Cost Containment, Data Sales and Public Sales. The Department has not received a response from the IOC in regard to procedures and if these funds need to be reported. The Department has performed initial steps in writing of procedures for placing outstanding accounts receivable into the Illinois Department of Revenue Debt Collection Bureau. Department staff contacted the Office of the Illinois Attorney General for procedures for submitting uncollectible debts.

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UPDATED RESPONSE:

Partially Implemented.

- 2. The auditors recommend the Department perform the pension fund examinations every three years as required by the Code.**

FINDING: *(Failure to Perform Required Examination of Police and Firefighter Pension Funds) – First reported 2012, last reported 2022*

The Department of Insurance's (Department) Public Pension Division (Division) did not perform required examinations of police and firefighters pension funds once every three years as required by the Illinois Pension Code (Code).

As of June 30, 2022, there were 657 Article 3 downstate police pension funds and Article 4 downstate firefighters pension funds which were required to be examined once every three years.

With the implementation of Public Act 101-0610 (Act) on January 1, 2020, all police and firefighter pension funds were consolidated into two superfunds – Illinois Police Officer Pension Investment Fund (IPOPIF) and Illinois Firefighter Pension Investment Fund (FPIF). The Act also defined the "Transition Period" as the transfer period of custody and control of assets from the transferor funds to the Boards of IPOPIF and FPIF (Boards), which commenced on January 1, 2020 and shall end as determined by the Boards, but in no event later than July 1, 2022. Consequently, the Boards determined June 30, 2022 as the end of the transition period.

Further, the Act amended the Pension Code (40 ILCS 5/1A-104) which states (1) prior to the conclusion of the Transition Period, the Division is required to make the periodic examinations and investigations of all police and firefighter pension funds once every three years then (2) after the Transition Period, either the Division or IPOIF, and either the Division or FPIF shall perform the required examinations of police pension funds and firefighter pension funds, respectively.

Ultimately, the Department and FPIF entered into a memorandum of understanding (MOU) such that FPIF will be responsible for the examination of firefighter pension funds after June 30, 2022. The Department and IPOPIF did not have a similar MOU. Therefore, the Division will not be responsible for the periodic examination of firefighter pension funds after June 30, 2022, but was still responsible for the periodic examination of police pension funds prior to the conclusion of the Transition Period, as required by the Code.

As outlined above, during the examination period, the Division was still responsible for the three-year examination requirement for both police and firefighter pension funds prescribed by the Pension Code. Hence, their testing included all police and firefighter pension funds as of June 30, 2022. As a result of testing, auditors noted the following:

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- One (0.2%) pension fund has been examined on four occasions since it was initially due for examination. Specifically, the Department did not complete three required examinations for the fund since the examination due for 2004.
- 31 (5%) pension funds have been examined on three occasions since they were initially due for examination. Specifically, the Department did not complete four required audits for each of the six pension funds due for examination since 2004, three required audits for each of the 22 pension funds due for examination between 2005-2007, and two required audits for each of the three funds due for examination between 2008-2010.
- 373 (57%) pension funds have been examined on two occasions since they were initially due for examination. Specifically, the Department did not complete five required audits for each of the 57 pension funds due for examination since 2004, four required audits for each of the 131 pension funds due for examination between 2005-2007, three required audits for each of the 166 pension funds due for examination between 2008-2010, and two required audits for each of the 19 funds due for examination between 2011-2013.
- 244 (37%) pension funds have been examined on one occasion since they were initially due for examination. Specifically, the Department did not complete five required audits for each of the three pension funds due for examination between 2005-2007, four required audits for each of the 83 pension funds due for examination between 2008-2010, three required audits for each of the 126 pension funds due for examination between 2011-2013, two required audits for each of the eight funds due for examination between 2014-2016, and one required audit for each of the 22 funds due for examination between 2017-2019. The two pension funds were examined once as required.
- Eight (1%) pension funds were currently under examination as of June 30, 2022. Specifically, the Department did not complete four required audits for one pension fund due for examination between 2005-2007, three required audits for each of the four pension funds due for examination between 2008-2010, and two required audits for each of the three pension funds due for examination between 2011-2013.

The Code (40 ILCS 5/1A-104(a)) requires the Public Pension Division to make periodic examinations and investigation of all pension funds prior to the conclusion of the Transition Period. Section 1A-104(b) of the Code further requires the Public Pension Division or the Consolidated Fund, as appropriate, to examine or investigate each pension fund established under Article 3 (Police) or Article 4 (Firefighters) of the Code once every 3 years.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2012. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

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Department management stated the noncompliance with the three-year audit cycle requirements of the Code was due to the Public Pension Division operating with inadequate staff resources.

Failure to perform the required examination of a pension fund every three years has resulted in the Department not being able to fully monitor pension funds and represents noncompliance with the Code.

DEPARTMENT RESPONSE:

The Department agrees with the finding. The Department is taking the following corrective actions to address this finding: (1) continue to use a risk-based examination system to narrow the focus of subsequent examinations; (2) use performance criteria of a fund to select those funds who are under performing for examination; and (3) use the current review of the pension funds' annual statements to examine funds on the material data of benefits and contributions and management of the fund and follow-up with further examination if necessary. The Department is also in the process of obtaining a third-party vendor and adding staff to aid it with completing examinations of Article 3 pension funds in a timely manner.

Additionally, the Department will continue to work with interested parties to review whether legislative changes related to the examination cycle are appropriate and to clarify the role of the Department and its requirement to perform examinations of pension funds.

UPDATED RESPONSE:

Partially Implemented.

- 3. The auditors recommend the Department design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, they recommend the Department process proper bills within 30 days of receipt and approve vouchers for payment of interest due to vendors.**

FINDING: *(Voucher Processing Internal Controls not Operating Effectively) – First reported 2018, last reported 2022*

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

Due to their ability to rely upon the processing integrity of the Enterprise Resource Planning (ERP) System operated by the Department of Innovation and Technology (DoIT), auditors were able to limit their voucher testing at the Department to determine whether certain key attributes were properly entered by the Department's staff into the ERP. In order to determine the operating effectiveness of the Department's internal controls related to voucher processing and subsequent payment of interest, they selected a sample

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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.

The auditors testing noted 11 of 140 (8%) attributes were not properly entered into the ERP System. Therefore, the Department's internal controls over voucher processing **were not operating effectively.**

The Statewide Accounting Management System (SAMS) Manual (Procedure 17.20.20) requires the Department 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 Department 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 Department to 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 Department 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, auditors conducted an analysis of the Department's expenditures data for Fiscal Years 2021 and 2022 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70). The auditors noted the following noncompliance:

- The Department did not timely approve 285 of 3,088 (9%) vouchers processed during the examination period, totaling \$4,406,086. They noted these late vouchers were submitted by the Department to the Comptroller's Office between 1 and 215 days late.

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

- The Department owed one vendor interest totaling \$14 in Fiscal Year 2022; however, the Department had not approved this voucher for payment to the vendor.

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.

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This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2018. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

Department management stated the issues noted were due to employee oversight, turnover, and lack of manpower.

Failure to properly enter the key attributes into the State's ERP System when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP System, 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.

DEPARTMENT RESPONSE:

The Department agrees with the finding. While the Voucher Processing Unit experienced employee turnover causing a lack of manpower, the Department will continue to strive to have all vouchers processed/approved within the required time frames.

UPDATED RESPONSE:

Partially Implemented.

- 4. The auditors recommend the Department work with DoIT to obtain an understanding of each of the Departments' roles and responsibilities. Further, they recommend the Department maintain documentation of each applications' users and ensure the users' rights are appropriate.**

FINDING: *(Failure to Implement Controls over User Access) - New*

The Department of Insurance (Department) failed to implement internal controls over users' access.

As part of its mission in regulating the insurance market, the Department utilizes several applications and maintains confidential data. As part of their examination, auditors requested the Department provide populations of users with access to the Accounting Management System, Medical Malpractice Claims Reporting System, and the State's Enterprise Resource Planning (ERP) System in order to determine if access was appropriate. However, the Department **did not have** the requested populations.

In addition, auditors requested the Department provide populations of users with access to the Central Time and Attendance System (CTAS), eTime, Central Payroll System (CPS), midrange, and mainframe environments in order to determine if access was properly approved and timely disabled. However, the Department **did not have** the requested populations.

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Further, they requested the Department provide documentation that periodic review of access rights had been conducted. However, the Department **did not have** the requested documentation.

As a result of the Department not providing the above, they could not conduct testing to determine if user rights to the applicable application(s) was appropriate.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance 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), Access section, requires entities to maintain internal controls over access to their applications and data.

Department management indicated the Department of Innovation and Technology (DoIT) was responsible for the Department's security controls, and the Department did not have sufficient resources to carry out these responsibilities.

Failure to implement controls over users' access could result in inappropriate access to the Department's applications and data.

DEPARTMENT RESPONSE:

The Department agrees with this finding. Previously, the Department followed DoIT's Policies and Procedures for user access controls. Going forward, the Department will review user access controls and identify any additional controls needed. The Department will then develop its own written policies and procedures for user access controls.

UPDATED RESPONSE:

Not Started.

5. The auditors recommend the Department work with DoIT to obtain a detailed understanding of each Departments' roles and responsibilities. They also recommend the Department implement controls to identify and document all service providers utilized. Further, they recommend the Department:

- **Obtain SOC reports and review.**
- **Monitor and document the operation of CUECs related to the Department's operations.**
- **Either 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 the review of the SOC reports and all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impact to the Department, and any compensating controls.
- Ensure all contracts and agreements contain requirements for an independent review.

FINDING: *(Failure to Implement Controls over Service Providers) - New*

The Department of Insurance (Department) failed to implement adequate internal controls over its service providers.

The auditors requested the Department provide the population of service providers utilized to determine if they had reviewed the internal controls over their service providers. In response to the auditors request the Department provided two different populations; however, they noted neither population was complete and accurate.

Due to these conditions, auditors were unable to conclude the Department's populations were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36). ***Even given the population limitations noted above, which hindered the ability of the accountants to conclude whether the population was complete,*** they performed testing.

The service providers identified by the Department provided the following services:

- Personnel monitoring, accounting, and payroll and voucher processing
- Industry regulation consulting
- Financial regulation and examination assistance
- Online payment processing

The auditors requested the Department provide documentation on their review of internal controls for the service providers. The Department provided 10 System and Organization Control (SOC) reports from four service providers during the examination period. Their testing noted:

- Documentation on the Department's analysis of the SOC reports to determine the impact of the opinions and noted deviations was not provided.
- An analysis of the Complementary User Entity Controls (CUECs) documented in the SOC reports and the Department's compliance with the CUECs was not completed.
- Three of four (75%) service providers SOC reports did not cover the entire examination period.

In addition, they requested a meeting with the Department's employees to obtain an understanding of their control over their service providers. After conducting multiple

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meetings with the Department on the subject, auditors noted the Department did not have knowledge on how it monitored their service providers during the examination period. As a result, auditors were unable to test the Department's controls over its service providers.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance 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.

Department management indicated the Department of Innovation and Technology (DoIT) was responsible for the Department's security controls, and the Department did not have sufficient resources to carry out these responsibilities.

Failure to implement adequate controls over service providers could result in inadequate internal controls at the service providers and has created unknown risks to the Department's applications and data.

DEPARTMENT RESPONSE:

The Department agrees with this finding. The Department will work with DoIT to hire a dedicated Risk Manager to oversee and manage all interactions with service providers.

UPDATED RESPONSE:

Partially Implemented.

- 6. The auditors recommend the Department work with DoIT to obtain a detailed understanding of each party's responsibilities related to cybersecurity controls. Further, they recommend the Department:**

Conduct an analysis of DoIT's policies and procedures to determine if the Department is meeting the requirements set forth in DoIT's policies and procedures. In addition, the Department should develop detailed policies and procedures related to, at a minimum:

- Configuration Management**
- Acceptable Use**
- Access Control**

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- Access request requirements
 - Access modification requirements
 - Access termination requirements
 - Periodic access reviews
 - Security Awareness and Training
 - On-boarding for staff and contractors
 - Data maintenance and destruction
 - Disaster recovery and response
 - Backup verification and off-site storage
 - Project Management Framework
 - Reporting security violations and suspected violations.
-
- Upon development, review policies and procedures at least annually to ensure they reflect the current environment.
 - At least annually, communicate policies and procedures to staff and contractors and have them acknowledge their understanding of responsibilities.
 - Develop a risk management methodology and conduct a risk assessment. Additionally, the Department should implement risk reducing internal controls.
 - Develop a data classification methodology, classify its data, and implement proper safeguards accordingly.
 - Work with DoIT to obtain an understanding of the security solutions utilized to secure the Department's assets.
 - Obtain understanding of the security events being monitored for, the frequency and the follow-up actions being taken.
 - Obtain documentation of the vulnerability scan results and work with DoIT in remediating vulnerabilities.

In addition, auditors recommend the Department strengthen its controls to ensure complete and accurate records of completed cybersecurity training are maintained. Further, they recommend contractors complete the annual cybersecurity training.

FINDING: *(Failure to Implement Controls Related to Cybersecurity Programs, Practices, and Control of Confidential Information) - New*

The Department of Insurance (Department) failed to implement internal controls related to cybersecurity programs, practices and control of confidential information.

The Department of Insurance's mission is to "protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace." In order to carry out their mission, the Department utilizes several Information Technology (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

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State agencies and their cybersecurity programs, practices and control of confidential information. During the auditor's examination, they requested the Department's documentation demonstrating their cybersecurity programs, practices and control of confidential information. However, the Department **did not have**:

- Policies or procedures documenting controls related to:
 - Maintenance of data;
 - Onboarding of staff and contractors;
 - Verification of backups and off-site storage;
 - Security awareness training;
 - Disaster recovery and response; and
 - Reporting security violations or suspected violations.
- Data classification methodology or documentation they had classified their data.
- Cybersecurity plan describing the security program, policies, and procedures.
- Documentation related to the security solutions utilized to provide security and resilience of their assets.

Although, the Department provided the Department of Innovation and Technology's (DoIT) security policies, auditors noted the security policies were not the current version. Further, DoIT's security policies state the user agency must establish additional policies and procedures to ensure the agency is in compliance with DoIT's security policies. However, the Department **did not have** such policies or procedures.

In addition, auditors noted the Department **had not**:

- Developed a project management framework to ensure new applications were adequately developed and implemented in accordance with management's expectations.
- Established or assigned cybersecurity roles and responsibilities.
- Developed a risk management methodology, conducted a comprehensive risk assessment, or implemented risk reducing internal controls.

The Department's Policy Manual, dated February 2011, stated each employee who utilized the Department's IT resources or was assigned a state-owned personal computer must read the agency's IT Policy and Procedures Manual' and complete the IT Policy and Procedures Acknowledgment Form. However, the information within the Policy Manual did not reflect the current IT environment, State laws, processes, actual responsibilities of the employees, or DoIT's responsibilities. Further, as noted above, the Department had not developed policies and procedures documenting the Department's security requirements. Therefore, the Department had not ensured their employees and contractors were aware of the security requirements and responsibilities.

The auditors requested the Department provide the population of employees who completed the annual cybersecurity training for CY2020 and CY2021. In response to their request, the Department provided two different populations and noted neither population was complete and accurate. Due to these conditions, they were unable to conclude the

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Department's populations were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36). ***Even given the population limitations noted above, which hindered the ability of the accountants to conclude whether the population was complete,*** the auditors tested 24 employees to determine if they completed the annual cybersecurity training noting no exceptions.

Additionally, they noted the Department did not require contractors to complete the annual cybersecurity training.

Lastly, auditors noted the Department **did not have** knowledge on how their assets were monitored, how or if security events were timely detected, and the actions taken in response to a security event.

The Framework for Improving Critical Infrastructure 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 Department 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.

Department management indicated DoIT was responsible for internal controls over cybersecurity controls, and the Department did not have sufficient resources to carry out these responsibilities.

Failure to implement internal controls related to cybersecurity programs, practices, and control of confidential information has resulted in unidentified risks and vulnerabilities and ultimately lead to the Department's volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure.

DEPARTMENT RESPONSE:

The Department agrees with this finding. Previously the Department followed DoIT's Policies and Procedures for controls related to cybersecurity. Going forward, the Department will review controls related to cybersecurity and identify any additional controls needed. The Department will then develop its own written policies and procedures for controls related to cybersecurity.

UPDATED RESPONSE:

Partially Implemented.

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- 7. The auditors recommend the Department work with the Department of Innovation and Technology (DoIT) to transition and fully utilize the PCSD-Receipts, PCSD- Billings/Payments, PCSD-Accounts Receivable modules of the ERP System.**

FINDING: *(Failure to Fully Utilize the State's Enterprise Resource Planning System) - New*

The Department of Insurance (Department) did not utilize all capabilities of the State's Enterprise Resource Planning (ERP) System which resulted in unnecessary inefficiency.

The State's implementation of an ERP System centralized the finance, procurement, grants management, and asset management processes by replacing outdated manual systems and technologies. The ERP System can enhance transparency of data, reduce processing time, and improve the timeliness of financial reporting. During the examination period, the ERP System's processing integrity was sufficient to enable reliance upon ERP System's processing of transactions.

For processing billings, receipts and receivables, the ERP System has several functionalities which reduce the processing time and enables financial reporting to the Illinois Office of Comptroller (IOC).

During their testing, auditors noted the Department did not utilize the Public Sector Collection and Disbursement (PSCD)-Receipts, PSCD-Billings and Payments, and PSCD-Accounts Receivables modules of the State's ERP System. Instead, the Department uses the Accounting Management System (AMS) for assessment and collection of insurance entity taxes and fees.

Government Auditing Standards (§ 1.02) states the concept of accountability for use of public resources and government authority is key to our nation's governing processes. Management and officials entrusted with public resources are responsible for carrying out public functions and providing service to the public effectively, efficiently, economically, and ethically within the context of the statutory boundaries of the specific government program.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Department to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable laws. Good internal controls over compliance includes ensuring the full capabilities of the ERP System are used to efficiently process, record, and report transactions.

Department management stated they were unfamiliar with the requirements to fully utilize the specific modules and believed the Department had been effectively utilizing the ERP System in its operations.

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Failure to fully utilize the State's ERP System could result in outdated financial systems not being supported, untimely financial information being prepared at the State level, and the lack of full transparency.

DEPARTMENT RESPONSE:

The Department agrees with the finding and has met with DoIT personnel overseeing the ERP System. The Department will continue to utilize the AMS for assessment and collection of insurance entity taxes and fees, however, meetings with DoIT will continue until a viable method of transferring receipt and receivable files from AMS for download/transfer to the ERP System is finalized, ensuring that the ERP System is the State's book of record, allowing for complete transparency.

DEPARTMENT UPDATED RESPONSE:

Implemented.

- 8. The auditors recommend the Department strengthen its controls over State property and equipment to ensure compliance with State laws and regulations.**

FINDING: *(Inadequate Controls over State Property and Equipment) – First reported 2018, last reported 2022*

The Department of Insurance (Department) did not maintain adequate internal controls over the reporting and monitoring of its State Property and Equipment.

Specifically, auditors noted the following:

- In the floor-to-list testing, they noted 5 of 25 (20%) property items tested were considered high theft assets (2 MiFi's and 3 mobile phones) but not included in the Fiscal Year 2022 annual inventory listing submitted to the Department of Central Management Services (DCMS). Further, auditors also noted an additional 11 property items (7 MiFi's and 4 mobile phones) found in the same location of the 5 devices previously discussed which were considered high theft assets but not included in the Fiscal Year 2022 annual inventory listing submitted to DCMS.

Department officials indicated these items were included in the Asset Shell of the Enterprise Resource Planning (ERP) System. The Asset Shell Report was not included in the DCMS certified inventory listing submission due to employee oversight. Department management explained that inventory items contained in the Asset Shell of the ERP System are items for which a State Agency does not have all required information that is required in order to put the items onto the official inventory listing (examples include cost information, assignment designations, etc.).

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The Illinois Administrative Code (Code) (44 Ill. Admin Code 5010.460(c)) requires the Department to provide DCMS, on an annual basis, a listing of all equipment items with an acquisition value of \$1,000 or more and equipment subject to theft with an acquisition value of less than \$1,000.

- In the asset additions testing, auditors noted 3 of 16 (19%) property items tested (mobile phones) were added to the Department's property listing 11 to 148 days after the 90-day requirement.

Department management indicated these items were recorded late due to employee oversight.

The Code (44 Ill. Admin. Code 5010.400) requires the Department to adjust property records within 90 days after acquisition, change or deletion of equipment items.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2018. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

Failure to exercise adequate internal controls over State property may result in inaccurate property control records, increases the potential for fraud and possible loss or theft of State property, and represents noncompliance with the Code.

DEPARTMENT RESPONSE:

The Department disagrees with this finding. However, to understand the reason for our disagreement we want to describe the items the auditor has noted are in error:

The Department receives Cell Phones and MiFi devices through the Department of Innovation and Technology (DoIT). These items are entered into the inventory system upon receipt (The high theft box is not checked). The Department stores these items in a locked room until DoIT provides us with a written billing statement and the item assigned. The assigned item is activated by DoIT working directly with the vendor and added to the official inventory listing by the Department.

Please note that we would agree with the finding if the Department defined these equipment items as subject to theft. However, the Department has determined these items are not high theft. The Department considers activated phones (phones that can be hacked and possibly contain discreet information) as high theft but do not consider nonactivated phones as subject to theft.

Also, the items identified as being added to the inventory late were also Cell phone and MiFi devices. As stated, until they are activated, the Department does not consider them subject to theft. Prior to activation they are neither high theft nor over \$1,000. Therefore, they would not be included in inventory submission to DCMS.

ACCOUNTANT'S COMMENT:

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The Department indicates the cell phones and MiFi devices in the exceptions noted were not subject to theft as they were inactive. However, the Department's written policy states mobile devices are considered high theft without any distinction of whether they are activated or not. We believed mobile devices whether activated or not activated are subject to theft.

UPDATED RESPONSE:

Partially Implemented.

- 9. The auditors recommend the Department strengthen its controls over reporting to ensure statutorily required reports are prepared and submitted timely as required by State laws.**

FINDING: *(Inadequate Controls over Reporting) – First reported 2014, last reported 2022*

The Department of Insurance (Department) failed to file statutorily required reports or did not file them timely.

Specifically, auditors noted the following:

- The Department submitted one of 4 (25%) Travel Headquarters (TA-2) reports to the Legislative Audit Commission (LAC) 18 days after the January 15, 2022 due date.

The State Finance Act (30 ILCS 105/12-3) requires the Department to file Form TA-2 reports 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.

- During the prior examination, they noted the Department did not accurately report information on its Fiscal Year 2018 Agency Workforce Report (Report). During the current examination, auditors noted the Department failed to submit the corrected Report within 30 days after the release of the Department's prior audit by the Auditor General. Specifically, they noted the Report was filed with the Governor and the Secretary of State 105 days after the required due date of April 23, 2021.

The Illinois State Auditing Act (30 ILCS 5/3-2.2(b)) requires a State agency that has materially failed to comply with the requirements of the State Employment Records Act, within 30 days after release of the audit by the Auditor General, shall prepare and file with the Governor and the Office of the Secretary of State corrected reports covering the periods affected by the noncompliance.

- For 3 of 13 (23%) published General Assembly reports tested, the Department did

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not provide copies to the State Library and State Government Report Distribution Center for the General Assembly.

The State Library Act (15 ILCS 320/21(a)) requires the Department to provide and deposit with the Illinois State Library sufficient copies of all publications issued by such State agencies for its collection and for exchange purposes. In addition, the State Library Act (15 ILCS 320/7(t)) creates and maintains a State Government Report Distribution Center for the General Assembly to receive all reports in all formats available required by law or resolution to be filed with the General Assembly.

- The Department did not prepare and submit separate annual reports of its acts and doings to the Office of the Governor for Fiscal Years 2021 and 2022.

The State Finance Act (30 ILCS 105/3) requires the Department, no later than January 7 of each year, to make and deliver to the Governor an annual report of its acts and doings, respectively, arranged so as to show the acts and doings of each for the fiscal year ending in the calendar year immediately preceding the calendar year in which that regular session of the General Assembly convenes.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2014. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

Department management stated their initial understanding was the Annual Report submitted to the Governor pursuant to the Insurance Code (215 ILCS 5/406) already included the reports of the Department's acts and doings. In addition, Department management stated the other reporting exceptions were due to employee turnover and oversight.

Failure to submit statutorily required reports in a timely manner prevents the appropriate oversight authorities from receiving relevant feedback and monitoring on programs and can have an effect on future decisions.

DEPARTMENT RESPONSE:

Bullet item #1 for Finding 2022-009:

The Department agrees with the finding regarding the TA-2 report. An employee within the Voucher Processing Unit responsible for Department travel updates and reporting retired at the end of the calendar year 2021 and did not return for 75-day contractual work until after the report's due date. The Fiscal Unit will maintain adequate staffing levels, and cross train employees when necessary, assuring timeliness of future reporting.

Bullet item #2 for Finding 2022-009:

Bullet item #2 for Finding 2022-009:

The Department agrees with the finding. Due to changes in personnel and onboarding new staff, the Department encountered challenges in meeting the 30 day deadline. Going

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forward the Department does not anticipate further issues with correcting any material deficiencies in Agency Workforce Reports in a timely manner if necessary.

Bullet item #3 for Finding 2022-009:

The Department agrees with this finding. The Mental Health and Substance Use Disorder (MHSUD) Task Force Annual Report accounts for 2 of the 3 reports identified in the finding. Legislative Affairs acknowledges the finding and attributes the lack of furnishing the copy of the MHSUD Report to the Illinois State Library to miscommunication due to staff turnover.

In response to this finding, the Department has instituted a new standard operating procedure regarding the submission of reports and will now coordinate with Department staff who can submit the annual MHSUD Report to the Illinois State Library and is in the process of doing so for the 2022 Report.

Health Products had 1 of 3 reports identified above, specifically, the Annual Office of Consumer Health Insurance (OCHI) Report. Health Products acknowledges the finding and attributes the lack of furnishing the copy of the Annual OCHI Report to the Illinois State Library to the staff assigned with the annual submission being unaware of this requirement as it is not specially referenced in the Managed Care Reform and Patient Rights Act (215 ILCS 134/90).

In response to this finding, the Department has added and implemented the formal submission to the Illinois State Library as a procedural filing requirement. Health Products now coordinates with Department staff who can submit the Annual OCHI Report to the Illinois State Library.

Bullet item #4 for Finding 2022-009:

The Department agrees with the finding. Original interpretation was that the Annual Report satisfied both the requirements of the Acts and Doings Report as well as the Annual Report to the Governor. Legislation effective May 13, 2022 changed the due date of the Acts and Doings report to January 7th. The Department submitted the Acts and Doings report to the Governor's office on 12/30/22 and the report was also uploaded to the Illinois State Library on 1/06/23. The report included both Fiscal Year 2021 and Fiscal Year 2022 information. Going forward separate reports will be submitted pursuant to the respective statutes governing each.

UPDATED RESPONSE:

Partially Implemented.

- 10. The auditors recommend the Department strengthen its internal controls to enforce its policies concerning maintenance of documentation required by laws and regulations, prior approval and documentation of employee vacation and overtime, and employee performance evaluations are completed timely.**

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FINDING: *(Inadequate Controls over Personal Services) – First reported 2018, last reported 2022*

The Department of Insurance (Department) did not maintain adequate internal controls over employee personnel files, timely reporting, and employee performance evaluations.

During their testing, the auditors noted the following:

- For 2 of 24 (8%) employees tested, the Employment Eligibility Verification Forms (Form I-9) were not included in the employee personnel files. In addition, for one (4%) employee tested, the Form I-9 was not dated, thus they were unable to test the timeliness of completion of the form.

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 employers to retain a copy of the original signed version of Form I-9 for three years after the date of the hire or one year after the date the individual's employment is terminated, whichever is later. The CFR further requires a person or entity that hires or recruits or refers for a fee 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.

Department management stated the exceptions noted were due to employee oversight.

Failure to maintain a copy of the signed Form I-9 is a violation of the CFR requirements and may result in potential employment issues.

- In their detail testing of 24 Department employees' timesheets, auditors noted:
 - Two (8%) employees did not have their Time Use Authorization Form approved by the supervisor prior to vacation leave for a total of 5 hours.
 - One (4%) employee did not have an Overtime Pre-Approval Request approved by the supervisor prior to the overtime hours worked for a total of 10 hours.

The Department's Policy Manual Chapter 2, Section 25 requires an employee to request approval of the use of leave on the Time Use Authorization Form reasonably in advance of the time it will be used and in approving time, the supervisor shall consider both the employee's preference and the operating needs of the division. In addition, Section 5 requires employees to complete and sign the Overtime Form in advance, and the employee's immediate supervisor must review and approve the employee's request in advance of the of the time to be worked.

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Department management stated leave and overtime requests were not approved in advance due to oversight.

Failure to ensure leave and overtime requests are approved in advance undermines accountability controls and may result in unnecessary personal services expenditures.

- In their testing of 43 performance evaluations for 24 employees, auditors noted four (9%) performance evaluations were not completed. In addition, they noted three (7%) performance evaluations were not completed timely by the Department. The employee evaluations were completed between 23 to 26 days late. Auditors considered evaluations not performed within 30 days after the end of the evaluation period to be untimely.

The Illinois Administrative Code (80 Ill. Admin. Code 302.270) requires an evaluation of employee performance be prepared by the Department not less often than annually, or in the case of an employee serving a six-month probationary period, the Department is required to prepare and submit two evaluations, one at the end of the third month of the employee's probationary period and another 15 days before the conclusion thereof. In addition, prudent business practices require employee performance evaluations to be performed timely to communicate to employees the strengths and deficiencies in meeting their job responsibilities.

Department management stated the exceptions noted on performance evaluations were due to employee oversight.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2018. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

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 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, and areas for improvement and current year's performance goals and objectives may not be identified and communicated in a timely manner.

DEPARTMENT RESPONSE:

The Department agrees with the finding. The Department will continue its efforts to strengthen the related internal controls to enforce policies and procedures governing the submission and completeness of I-9 forms as well as the requirement for prior approval and documentation of employee vacation and overtime. The Department will also continue to

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strengthen the procedures for monitoring performance evaluations to ensure they are completed timely and for the necessary timeframes.

UPDATED RESPONSE:

Partially Implemented.

- 11. The auditors recommend the Department comply with the statutory requirements of the Illinois Insurance Code and the HMO Act, or seek legislative remedy if the time periods allowed by statute are not deemed reasonable for the routine processing of the forms.**

FINDING: *(Inadequate Controls over the Timeliness of Approving and Denying of Insurance and HMO Company Policy Forms) – First reported 2018, last reported 2022*

The Department of Insurance (Department) did not maintain adequate controls over the timeliness of approving and denying insurance and Health Maintenance Organization (HMO) company policy forms.

Specifically, they noted the following:

- Two of 25 (8%) life, accident, and health policy forms filed by insurer companies were not approved or disapproved by the Department within the required 60-day period after the form's submission. The Department approved the policy 109 and 171 days late. In addition, 2 of 25 (8%) life, accident, and health policy forms filed by insurer companies with a 30-day extension were not approved or disapproved by the Department within the required 90-day period after the form's submission. The Department approved the policy forms 25 and 39 days late.

The Illinois Insurance Code (Code) (215 ILCS 5/143(1)) requires the Department's Director to approve or disapprove life, accident, and health policy forms within 60 days after submission, unless the Director extends the period by not more than an additional 30 days the period within which he is to approve or disapprove any such form by giving written notice to the insurer of such extension before expiration of the initial 60-day period.

- One of 22 (5%) HMO policy forms was not approved or disapproved by the Department within the required 60-day period after the form's submission. The Department approved the policy form 86 days late. In addition, 7 of 22 (32%) HMO policy forms with a 30-day extension were not approved or disapproved by the Department within the required 90-day period after the form's submission. The Department approved the policy forms between 10 to 36 days late.

The HMO Act (215 ILCS 125/4-13) requires the Department's Director to approve or disapprove an HMO group contract, evidence of coverage, endorsement, rider, bylaw, or other matter incorporated by reference or an application blank within 60

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days after submission, unless the Director extends the period by not more than an additional 30 days.

This finding was first reported in the Department's *State Compliance Examination* for the two years ended June 30, 2018. In subsequent years, the Department has been unsuccessful in implementing an adequate corrective action plan.

Department management stated the exceptions noted were due to employee turnover and oversight.

By not approving or disapproving life, accident, health insurance, or HMO policy forms in a timely manner as required by the Illinois Insurance Code or the Health Maintenance Organization Act, insurance and HMO companies' distribution of their products to the market may be delayed and represents noncompliance with the State law.

DEPARTMENT RESPONSE:

The Department agrees with the finding and continues to vigilantly monitor all filing in efforts to ensure the timely approval of form filing by the 60- or 90-day requirement in statute. The Department notes the recommendation and will present proposed legislation in efforts to remedy the timing issue of form filing submissions for plans subject to the Affordable Care Act which can often be subject to state and federal reviews and timelines.

UPDATED RESPONSE:

Partially Implemented.

12. The auditors recommend the Department strengthen its controls over State vehicles to ensure compliance with State laws and regulations.

FINDING: *(Inadequate Controls over State Vehicles) – First reported 2020, last reported 2022*

The Department of Insurance (Department) did not have adequate internal controls over its state vehicles.

The Department follows the Department of Central Management Services (CMS) requirements pertaining to inspections and maintenance. During their testing of the maintenance records for two State vehicles, they noted the following:

- Both (100%) State vehicles did not undergo periodic oil change at mileage or time intervals required by CMS. Department records showed the State vehicles were driven 118 to 1,052 miles more than allowed by the maintenance policy before the required oil change maintenance was performed.

CMS Vehicle Usage Program requires an oil change every 3,000 miles or 12

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months whichever comes first for vehicles aging 10 years or more.

- One of 2 (50%) State vehicles did not undergo an annual inspection in Fiscal Year 2021 as required by CMS. Department records showed the vehicle was brought in for inspection 126 days after the required annual inspection.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.410) requires the Department to have vehicles inspected by CMS or an authorized vendor at least once per year or as required by law and shall maintain vehicles in accordance with the schedules provided by CMS or with other schedules acceptable to CMS that provide for proper care and maintenance of special use vehicles.

Department management stated the issues noted were due to employee oversight.

Failure to perform regular maintenance of State vehicles could result in more significant expenditures related to the repair or replacement of vehicles and represents noncompliance with the Code and CMS Vehicle Usage Program.

DEPARTMENT RESPONSE:

The Department agrees with the finding. Vehicle maintenance delays were due to employee oversight by staff members to whom the vehicles were assigned. The Department has already taken corrective action by implementing new procedures and updating the Department's vehicle use policy that we believe will strengthen controls and ensure that this issue does not reoccur in the future.

UPDATED RESPONSE:

Partially Implemented.

- 13. The auditors recommend the Department ensure reports are completed and submitted timely to comply with the statutory requirements of the Illinois Insurance Code.**

FINDING: *(Failure to Submit the Annual Report of the Working Group Regarding Treatment and Coverage of Substance Abuse Disorders and Mental Illness) - New*

The Department of Insurance (Department) failed to submit the Calendar Year 2020 annual report of the Working Group Regarding Treatment and Coverage of Substance Abuse Disorders and Mental Illness (Workgroup) to the General Assembly as required by the Illinois Insurance Code (Code).

The Code (215 ILCS 5/370c.1(h)(2)) requires the Department to submit an annual report to the General Assembly that includes a list of the health care insurance carriers, mental health advocacy groups, substance abuse patient advocacy groups, and mental health physician groups that participated in the Workgroup meetings, details on the issues and topics covered, and any legislative recommendations developed by the Workgroup.

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Department management stated the failure to complete and submit the Calendar Year 2020 required report was due to staff turnover.

Failure to submit statutorily required reports prevents the appropriate oversight authorities from receiving relevant feedback and monitoring on programs which can have an effect on future decisions of rulemaking bodies and represents noncompliance with the Code.

DEPARTMENT RESPONSE:

The Department agrees with this finding. Legislative Affairs acknowledges the finding and the Department's process for the Calendar Year 2022 Report has been corrected. The Calendar Year 2022 Report has been submitted to the General Assembly and posted on the website in a timely manner.

UPDATED RESPONSE:

Partially Implemented.

- 14. The auditors recommend the Department work with DHFS and the Workgroup to ensure the recommendations are completed and submitted to the General Assembly. They further recommend the Department work with DHFS and the applicable members of the General Assembly to have the members of the Workgroup comply with the statutory requirements of the Illinois Insurance Code.**

FINDING: *(Noncompliance with the Requirements of the Illinois Insurance Code Regarding Mental Health Parity) - New*

The Department of Insurance (Department), in conjunction with the Department of Healthcare and Family Services (DHFS), did not comply with the requirements of the Illinois Insurance Code (Code) regarding Mental Health Parity.

As required by the Code, the Department and the DHFS convened the Mental Health Parity Workgroup (Workgroup) during the examination period. During testing, however, they noted the following:

- As of June 30, 2022, the Workgroup lacked 2 of the 11 (18%) required members. Specifically, the Workgroup lacked one mental health parity expert and one representative of a Medicaid managed care organization required to be appointed by the President of the Senate and the Minority Leader of the House of Representatives, respectively.
- The Workgroup did not submit the required recommendations on health plan data reporting requirements to the General Assembly by December 31, 2019. Further, the Workgroup did not completely develop the format and definitions for reporting

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requirements mandated by the Code. As of June 30, 2022, the recommendations and reporting requirements were 912 days overdue.

The Code (215 ILCS 5/370c.1(j)) requires the Department and DHFS to convene and provide technical support to a Mental Health Parity Workgroup of 11 members comprised of mental health parity experts, behavioral health providers, Medicaid managed care organizations, commercial insurers, and Medicaid managed care plans. The Code further requires the Mental Health Parity Workgroup to provide recommendations to the General Assembly on health plan data reporting requirements that separately break out data on mental, emotional, nervous, or substance use disorder or condition benefits and data on other medical benefits, including physical health and related health services no later than December 31, 2019. Lastly, the Code requires the Mental Health Parity Workgroup to develop the format and provide any needed definitions for reporting requirements.

Department management stated the issues noted were due to the Workgroup's ongoing discussion of the recommendations and the definitions for reporting requirements which had not yet been concluded as of June 30, 2022.

Failure to submit statutorily required reports and not having the required workgroup composition prevents the appropriate oversight authorities from receiving relevant feedback and monitoring on programs which can have an effect on future decisions of rulemaking bodies and represents noncompliance with the Code.

DEPARTMENT RESPONSE:

The Department agrees with this finding. Legislative Affairs consistently alerts those with appointment authority to any vacancies on any Task Force or Working Group the Department has administrative duties for. Unfortunately, while we regularly follow up on those vacancies and offer suggestions for possible appointments to fill the vacancies, ultimately, we do not have the authority over this aspect of the Task Force.

The Workgroup continues to meet regularly and is diligently working through the complexities of developing the format and definitions for reporting requirements. Several phases of this work have been completed, with one remaining, and the Department will work with DHFS and the Workgroup to ensure the recommendations are completed and submitted to the General Assembly.

DEPARTMENT UPDATED RESPONSE:

Partially Implemented.

- 15. The auditors recommend the Department's internal audit function ensure audits of major systems of internal accounting and administrative control are conducted on a periodic basis so that all major systems are reviewed at least once every 2 years.**

FINDING: *(Internal Audit Function did not Adhere with FCIAA) - New*

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The Department of Insurance (Department) failed to adhere to provisions in the Fiscal Control and Internal Auditing Act (Act).

The Act (30 ILCS10/2003 (a)(2)) requires the Director to ensure that the internal auditing program includes audits of major systems of internal accounting and administrative control conducted on a periodic basis so that all major systems are reviewed at least once every 2 years. Such audits must include testing the use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations.

During their testing, they noted the internal audit function of the Department did not perform audits of the Security Safekeeping Deposit Fund, a locally held fund (LHF) by the Department during the examination period. As of June 30, 2021 and 2022, the Department's LHF balance was \$850,954,637 and \$846,610,000, respectively.

Department management stated the exception noted was due to competing priorities and staff shortages.

Failure to perform regular audits of major systems of internal and administrative controls including the testing of the LHF process may result in internal control weaknesses not being detected timely and represents noncompliance with the Act.

DEPARTMENT RESPONSE:

The Department agrees with this finding. In an effort to address the issue, the internal audit division has updated the needed job descriptions and received the Department of Central Management Services approval for these updates. It is our intention to hire additional personnel in the near future. Also please note, the internal audit has started the LHF audit in Fiscal Year 2023 that was needed in Fiscal Year 2022.

DEPARTMENT UPDATED RESPONSE:

Partially Implemented.

16. The auditors recommend the Department establish a system development policy documenting the Department's controls and responsibility over developments of applications. In addition, they recommend the Department update its change management policy to include controls over:

- **Reviewing,**
- **Approving,**
- **Testing, and**
- **Documentation requirements.**

FINDING: *(Failure to Implement Controls over System Developments and Changes) - New*

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The Department of Insurance (Department) failed to implement adequate internal controls over system developments and changes to its applications and data.

During their examination, auditors noted the Department had not established a system development standard to ensure new application developments met the Department's requirements. Additionally, the Department's change management policy, did not document the Department's responsibilities related to:

- Reviewing,
- Approving,
- Testing, and
- Documentation requirements.

The Framework for Improving Critical Infrastructure 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, Configuration Management and System and Services Acquisition sections, requires entities to document their controls to ensure system development projects met their needs, are timely and stay within budget. Further, entities are to document the control over changes to applications and data to ensure changes are authorized and reviewed.

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

Department management indicated the Department of Innovation and Technology (DoIT) was responsible for internal controls over system development, and changes and the Department did not have sufficient resources to carry out these responsibilities.

Failure to implement controls over system developments and changes to applications and data could result in developments not meeting the Department's requirements and unauthorized changes being made.

DEPARTMENT RESPONSE:

The Department agrees with the finding. Previously the Department followed DoIT's Policies and Procedures for Controls over System Development. Going forward, the Department will review system development controls and identify any additional controls needed. The Department will then develop their own written policies and procedures for System Developments.

UPDATED RESPONSE:

Partially Implemented.

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- 17. The auditors recommend the Department implement adequate internal controls which may include hiring additional staff, so Department personnel who are members of the advisory council can prioritize work needed to comply with the statutory requirements of the Act.**

FINDING: *(Failure to Convene Education Advisory Council) - New*

The Department of Insurance (Department) did not comply with the requirement of the Director of Insurance Hearings and Review Act (Act).

The Act (215 ILCS 5/401.3) requires an advisory council to be created within the Department to review and make recommendations to the Department regarding rules to be adopted with respect to continuing education courses for which the approval of the Department is required under the provisions of the Insurance Code. In addition, the Act requires the advisory council to make recommendations to the Department regarding rules with respect to course materials, curriculum, and credentials of instructors.

During their testing, the auditors noted the advisory council was created by the Department on January 10, 2019. However, there were no meetings conducted by the advisory council during the examination period. In addition, the advisory council was not able to submit recommendations to the Department regarding rules with respect to course materials, curriculum, and credentials of instructors.

Department management stated the advisory council was not able to convene during the examination period due to COVID-19 pandemic restrictions and competing priorities of the Department personnel who are members of the advisory council, thus no recommendations were submitted to the Department.

The advisory council's failure to submit the required recommendations does not achieve the legislative intent and constitutes noncompliance with the Act.

DEPARTMENT RESPONSE:

The Department agrees with this finding and has begun communications with interested parties to participate on the Advisory Council. Informal meet and greets with interested parties, as well as email communications, have begun to identify individuals interested in participating on the Advisory Council. Anticipated first meeting in 2023 will be sometime in May or June.

Additionally, the Department has posted an Insurance Analyst Specialist position for hire. The position closed on February 10th and the unit is awaiting the Department of Central Management Services approval of the candidates in order to begin the candidate vetting process and make a final selection for the position. This will provide relief to the Assistant Deputy Director, who serves as the Chairperson of the Advisory Council, giving that person more time to focus on the council and the charges of the council as outlined in the statute.

UPDATED RESPONSE:

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Partially Implemented.

- 18. The auditors recommend the Department work with DHFS to ensure reports are completed timely and education presentations are provided annually to comply with the reporting requirements of the Code.**

FINDING: *(Noncompliance with the Reporting Requirements on Mental, Emotional, Nervous, and Substance Use Disorders) - New*

The Department of Insurance (Department), in conjunction with the Department of Healthcare and Family Services (DHFS), did not comply with the reporting requirements of the Illinois Insurance Code (Code) pertaining to mental, emotional, nervous and substance use disorder benefits.

The Code (215 ILCS 5/370c.1(h)(3)) requires the Department, in conjunction with DHFS, to issue a joint report to the General Assembly and provide an educational presentation pertaining to various elements of mental, emotional, nervous and substance use disorders to the General Assembly no later than August 1st of each year. Subsequently, Public Act 102-0579 changed the August 1st due date to January 1st of each year, effective August 25, 2021.

During their testing, auditors noted the following:

- The Department and the DHFS issued the 2020 and 2021 annual joint reports on mental, emotional, nervous and substance use disorder as required by the Code. However, they noted the 2020 and 2021 annual joint reports were submitted to the General Assembly 6 and 103 days late, respectively.
- The Department was unable to provide support that the Department and the DHFS performed an educational presentation to the General Assembly on the information reported in either the 2020 or 2021 annual joint reports.

Department management stated the issues noted were due to staff turnover and oversight.

Untimely submission of statutorily required reports and presentations prevents the appropriate oversight authorities from receiving relevant feedback and monitoring on programs which can have an effect on future decisions of rulemaking bodies and represents noncompliance with the Code.

DEPARTMENT RESPONSE:

The Department accepts the finding and agrees to work with DHFS to better meet deadlines for the report.

UPDATED RESPONSE:

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Partially Implemented.

19. The auditors recommend the Department follow-up on required appointments from the Governor, Speaker of the House, President of the Senate and Minority Leader of the House and Senate or seek legislative remedy.

FINDING: *(Failure to Timely Appoint Members to the Task Force on Disability Income Insurance) – First reported 2020, last reported 2022*

The Task Force on Disability Income Insurance (Task Force) convened by the Department of Insurance (Department) did not ensure the timely appointment of its members as mandated by the Illinois Insurance Code (Code).

During their testing, auditors noted the following:

- As of June 30, 2022, the Task Force lacked 1 of 10 (10%) members as required, 966 days past the required due date. Specifically, the Task Force lacked an expert in the behavioral health conditions and treatment industry required to be appointed by the Governor.
- Seven of 10 (70%) required members of the Task Force were not timely appointed, 250 to 895 days late.

The Code (215 ILCS 5/370c.2) requires the Department to form a task force to review the plans and policies for individual and group short-term and long-term disability income insurance issued and offered to individuals and employers in this State in order to examine the use of such insurance for behavioral health conditions. The task force shall be comprised of the following ten members:

1. Two representatives of the disability income insurance industry appointed by the Governor;
2. Two experts in the behavioral health conditions and treatment industry appointed by the Governor.
3. Two consumers of disability income insurance who have experienced or are experiencing a behavioral health condition appointed by the Governor.
4. One member of the General Assembly appointed by the Speaker of the House of Representatives.
5. One member of the General Assembly appointed by the President of the Senate.
6. One member of the General Assembly appointed by the Minority Leader of the House of Representatives.

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7. One member of the General Assembly appointed by the Minority Leader of the Senate.

The Code further required appointments to the Task Force be made 90 days after the effective date of Public Act 101-0332, which would have been November 7, 2019.

Department management stated the Code names the Department as the developer of the Task Force. However, the Department was not given appointment authority.

Failure to appoint the required members (both in number and representation) limits the Task Force's resources and perspective in providing recommendation on the economic feasibility and cost-effectiveness of requiring individual and group short-term and long-term disability income insurance to cover behavioral health conditions.

DEPARTMENT RESPONSE:

The Department agrees with this finding. The Department consistently alerts those with appointment authority to any vacancies on any Task Force or Working Group the Department has administrative duties for. Unfortunately, while we regularly follow up on those vacancies and offer suggestions for possible appointments to fill the vacancies, ultimately, we do not have the authority over this aspect of the Task Force.

UPDATED RESPONSE:

Implemented.

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 Department 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

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provided to the Procurement Policy Department 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 Department 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.

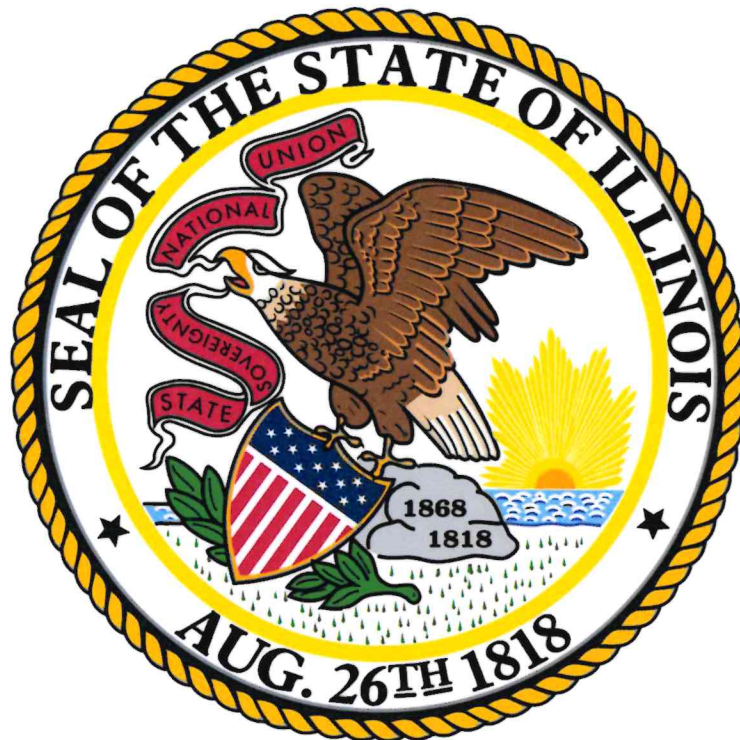
The Department had no emergency purchases in FY21 or FY22.

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 30, 2022, the Department had 37 employees assigned to locations others than official headquarters.

LEGISLATIVE AUDIT COMMISSION



Review of
Chicago State University
620 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

REVIEW: #4585, CHICAGO STATE UNIVERSITY FY24 COMPLIANCE EXAMINATION

**REVIEW: #4585
CHICAGO STATE UNIVERSITY
YEAR ENDED JUNE 30, 2024**

RECOMMENDATIONS – 14

IMPLEMENTED/PARTIALLY IMPLEMENTED – 14

REPEATED RECOMMENDATIONS – 12

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 16

This review summarizes the reports on Chicago State University (CSU) for the year ended June 30, 2024. The Compliance Examination was filed with the Legislative Audit Commission on May 20, 2025. The auditors performed the audits in accordance with state law, Government Auditing Standards, the Single Audit Act and applicable federal regulations. The auditors stated that the financial statements were fairly presented.

CSU is governed by the Chicago State University Board of Trustees, which is comprised of seven members appointed by the Governor with the advice and consent of the State Senate. There is also one voting student member elected to a one-year term by the student body.

CSU's mission is to transform students' lives by innovative teaching, research and community partnership through excellence in ethical leadership, cultural enhancement, economic development and justice. CSU works toward six strategic goals as it seeks to fulfill its mission:

- Academic Excellence, Innovation and Student Transformation
- Student Enrollment, Retention and Graduation
- University Culture, Climate and Accountability
- Strengthened Infrastructure
- Cost Efficiencies and Diverse Revenue Streams
- Community Service, Urban Leadership and Economic Engagement

CSU is led by Zaldwaynaka "Z" Scott who became President on July 1, 2018. President Scott served on the CSU's Board from 2009 to 2013. She is an attorney and a former federal prosecutor and university professor as well as Illinois' first Executive Inspector General for the Agencies of the Governor and its public universities.

Appropriations and Expenditures

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Appropriations (\$ thousands)	FY23		FY24	
	Approp	Expend	Approp	Expend
GENERAL FUNDS				
Operational Expenses	36,769.9	36,769.9	39,343.8	39,343.8
TOTAL GENERAL FUNDS	36,769.9	36,769.9	39,343.8	39,343.8
OTHER STATE FUNDS				
Grants				
Education Improvement Fund	3,000.0	3,000.0	3,000.0	3,000.0
Pharmacy Practice Educ. & Train.	307.0	307.0	307.0	307.0
TOTAL OTHER STATE FUNDS	3,307.0	3,307.0	3,307.0	3,307.0
TOTAL	40,076.9	40,076.9	42,650.8	42,650.8

Accountants' Findings and Recommendations

Condensed below are the 14 findings and recommendations included in the audit report. Of these, 12 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by the University, via electronic mail May 20, 2025.

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

FINDING: *Inadequate Internal Controls over Census Data – This finding has been repeated since 2020.*

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

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the data to the plan's actuary. In

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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 2022 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2023, which is incorporated into the University's Fiscal Year 2024 financial statements.

During testing, the auditors noted the following:

- During their testing of eligibility testing, the auditors noted 2 instructors were not reported as eligible to participate in SURS by the University. For the June 30, 2022 census data, it was determined the service credit was different by a combined total of ½ of a year. These have been previously reported but had not been corrected as of June 30, 2022.
- The University was not able to provide supporting documentation for the census data points related to 24 members selected for testing.

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 2023.

The Fiscal Control and Internal Auditing 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 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

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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 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 to remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

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

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the

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

UPDATED RESPONSE:

Recommendation accepted and partially implemented.

2. The auditors recommend the University implement adequate general IT controls related to its environment and applications.

FINDING: *Weaknesses over Computer Security – This finding has been repeated since 2020.*

The Chicago State University (University) did not maintain adequate general Information Technology (IT) controls related to its environment and applications.

The University had invested in computer hardware and systems and established several critical, confidential, or financially sensitive systems for use in meeting its mission.

Security of the environment

During testing, the auditors requested the University provide a population of its active servers. In response to this request, the University provided a listing of servers which included decommissioned servers. Due to these conditions, they were unable to conclude the University's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 500.08 and AT-C § 205.36).

Despite this limitation, the auditors performed testing on a sample of servers and noted the Information Technology (IT) infrastructure was not secured properly.

Controls over access provisioning

During their testing of the University's controls over access provisioning, the auditors noted separated employees continued to have access to the University's environment.

This finding was first reported in Fiscal Year 2020. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve its controls over computer security.

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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), Access Control, Configuration, and System and Services Acquisition sections, require entities to maintain proper internal controls over the security of the environments and access provisioning.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are utilized efficiently and effectively and in compliance with applicable law.

University management indicated the issues regarding separated employees having access to the network were due to the reliance on ad-hoc and manual processes for offboarding employees when they leave the University, resulted in delays in access revocation. University management further indicated other issues were due to the lack of monitoring technology and absence of a formal process for deprovisioning of servers.

Failure to have adequate security controls over computing resources increases the risk of unauthorized access to the computing environment and the risk that confidentiality, integrity, and availability of systems and data will be compromised.

UNIVERSITY RESPONSE:

The University agrees with the finding and acknowledges the need to strengthen controls over its IT environment and applications. To address these concerns, the University has initiated a comprehensive review of its identity and access management (IAM) processes to improve offboarding procedures and eliminate reliance on manual and ad-hoc processes. Additionally, the University is formalizing procedures for server management to ensure accurate inventory tracking and decommissioning.

As part of these efforts, the University has:

- Implemented NIST 800-171 as its governance framework to establish standardized security controls and ensure compliance with best practices.
- Been actively researching and evaluating IAM solutions that will enhance the provisioning and deprovisioning process to reduce security risks and improve efficiency.
- Worked closely with Human Resources and other key stakeholders to assess and refine existing processes, ensuring proper identity management practices while mitigating gaps in user offboarding.
- Enhanced monitoring capabilities by migrating from a mail system to a cloud service provider, which provides increased visibility into the University's technical environment. Leveraged additional security monitoring tools to improve detection, response, and overall security posture.
- Implemented IT solutions to aid in the management and monitoring of servers, improving visibility, security, and compliance with IT controls.

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- Established periodic access reviews to mitigate the risk of unauthorized access.

The University remains committed to strengthening its IT controls and will continue refining its security practices to align with regulatory and industry standards.

UPDATED RESPONSE:

Recommendation accepted and partially implemented. Security monitoring tools/software to improve detection, response, and overall security posture have been implemented as well as tools/software for managing and monitoring servers.

- 3. The auditors recommend the University implement controls to ensure the completeness and accuracy of populations of retirees, re-employed annuitants, and employees who filed for disability benefits. Further, they recommend the University accurately report unused sick leave and timely notify re-employment of annuitants to SURS in accordance with the Code.**

FINDING: *Inadequate Controls to Ensure Compliance with the Illinois Pension Code – First reported 2023, Last reported 2024*

The Chicago State University (University) did not have adequate internal controls to ensure compliance with the Illinois Pension Code (Code).

During testing, the auditors requested the University provide the populations of retired employees, persons receiving a retirement annuity (Annuitant) from the State Universities Retirement System (SURS) and re-employed by the University, and employees who filed for disability benefits during Fiscal Year 2024. The University provided the populations; however, these populations could not be reconciled to the University's internal records and SURS.

Due to this condition, the auditors were unable to conclude the University's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 500.08 and AT-C § 205.36) to test the University's compliance with the Code.

Even given the population limitations noted above which hindered their ability to conclude whether selected samples were representative of the population as a whole, the auditors performed testing to determine whether the University accurately reported to SURS about unused sick leave of retired employees, certificates of disability for employees who filed for disability benefits stating the employee is unable to perform the duties, and re-employment of annuitants. During testing, they noted the following:

- Two of four (50%) retired employees' unused sick leave ranging 17 and 122 days were incorrectly reported to SURS.

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- Two of two (100%) re-employed annuitants were not timely reported to SURS. The University notified SURS 9 and 347 days late.

The Code (40 ILCS 5/15-113.4) requires the University to certify to the SURS Board the number of days of unused sick leave accrued to the employee's credit on the date the employee was terminated.

In addition, the Code (40 ILCS 5/15-139.5) requires the University to notify SURS within 60 days after employing an annuitant.

Finally, the Fiscal Control and Internal Auditing 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 funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over State's resources.

University management stated there was a significant turnover of employees within the Human Resources Department which impacted the current employees' ability to generate reports from the University's information system and timely comply with the reporting requirements of the Code.

Failure to maintain adequate internal control resulted in noncompliance with the Code and reduces the overall reliability of activity reported in the University's financial statements.

UNIVERSITY RESPONSE:

The University agrees with the recommendation and is currently working with SURS to reconcile data. Further, internal controls will be strengthened to ensure timely reporting.

UPDATED RESPONSE:

Recommendation accepted and partially implemented. Control improvements have been implemented to mitigate the risk of this finding repeating in future years.

- 4. The auditors recommend the University strengthen controls to ensure timely notifications are sent to students and parents upon disbursement of grant funds and loans.**

FINDING: *Failure to Notify Students and Parents Upon Disbursement of Funds – This finding has been repeated since 2022.*

Federal Agency:	U.S. Department of Education
Assistance Listing Numbers:	84.379; 84.268
Program Names:	Student Financial Assistance Cluster Teacher Education Assistance for College and Higher Education Grants

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Program Expenditures:	Federal Direct Student Loans \$23,575, \$17,736,297
Award Numbers:	P379T221351; P268K221351
Questioned Costs:	None

The Chicago State University (University) did not notify the students and parents upon disbursement of grant funds and loans.

Conditions Found

During testing of five students, who received Teacher Education Assistance for College and Higher Education (TEACH) Grants totaling \$15,088, the auditors noted one (20%) student with a grant disbursement amounting to \$3,772 was notified by the University 98 days before the TEACH funds were credited to the student's account. The sample methods used in performing this testing were not statistically valid.

In addition, during testing of 40 students, who received Federal Direct Loans totaling \$597,967, the auditors noted the following:

- Six (15%) students with grant disbursements totaling \$60,860 were not notified by the University indicating the funds were credited to the students' accounts.
- Seven (18%) students with grant disbursements totaling \$44,586 were notified 35 to 120 days before or after the Federal Direct Loan funds were credited to the students' accounts.

The sample methods used in performing this testing were not statistically valid.

Evaluative Criteria

The Code of Federal Regulations (Code) (34 CFR § 668.165 (a)(3)(i)) requires the University to notify students or parents in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's ledger account at the University with TEACH Grant funds and Federal Direct Loans.

Further, the Code (2 CFR § 200.303) requires the nonfederal entity receiving federal awards to establish and maintain effective internal control over the federal award to provide reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls include procedures to ensure timely notification of disbursements to students receiving TEACH Grants and Federal Direct Loans.

Underlying Cause

University management indicated the failure to timely notify students and parents upon disbursements of TEACH Grants and Federal Direct Loans was due to a student aid simplification process that caused errors in financial aid processing. University management further indicated the Enterprise Resource Planning (ERP) System experienced a technical glitch during the process of sending notifications to students.

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Significance

Failure to timely notify students and parents regarding grant and loan disbursements represents noncompliance with the Code.

UNIVERSITY RESPONSE:

The University agrees with the recommendation. An additional level of oversight has been added to ensure the notification of disbursement information is sent in a timely manner. The Associate Director of Financial Aid and the Director of Financial Aid will review the list of disbursements against the list of emails sent to ensure that emails are sent in a timely manner. The additional oversight will begin with the Summer 2025 disbursement based on the date of notification of the issue.

UPDATED RESPONSE:

Recommendation accepted and fully implemented. A system fix has been implemented, and all required notices have been sent for the academic year 24/25.

- 5. The auditors recommend the University strengthen its controls over equipment and investigate or re-examine large discrepancies identified during its annual inventory counts. In addition, they recommend the University ensure property records accurately reflect equipment on-hand, equipment items are timely inventoried, and the Certification is timely submitted to CMS in accordance with State laws and regulations. Further, the auditors recommend the University implement a formal documentation process for requesting and approving any cancellations or changes to wireless communication device services or assignments. Finally, they recommend the University establish internal controls to ensure the timely retrieval of wireless communication devices and the cancellation of telecommunication services when an employee leaves the University or upgrades their device.**

FINDING: *Inadequate Controls over Equipment – First reported 2023, Last reported 2024*

The Chicago State University (University) did not maintain adequate controls over its equipment.

Specifically, the auditors noted the following:

- The University submitted its Annual Certification of Inventory (Certification) to the Department of Central Management Services (CMS) 229 days late.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.460) requires the University to complete and certify the University's annual physical inventory of State equipment and submit a property listing to CMS on dates designated by CMS. The University's designated due date was July 1, 2024.

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- They reviewed the University's Certification submitted to the CMS. The Certification reported 352 unlocated items amounting to \$748,411 or 4% of the total dollar amount of University equipment. Of the 352 unlocated equipment items:
 - 248 (70%) items consisting of iPad, laptops, uninterruptible power supply unit (UPS), and central processing units (CPUs), totaling \$188,281, were missing from the Information Technology Department.
 - 11 (3%) items consisting of projector, printers, X-ray tube analyzer, television, copiers, tracking system, search device, and meter cell, totaling \$188,378, were missing from the College of Pharmacy.
 - One (1%) audio visual system, totaling \$120,537, was missing from the Pharmacy Practice.
 - Eight (2%) items consisting of lift tables, mega press kit, extractor, air compressor, auto scrubber, striping machine, and hydraulic bender, totaling \$62,509, were missing from the Physical Facilities – Planning and Management.
 - Four (1%) items consisting of copier, CPU, and compressors, totaling \$36,291, were missing from the Nursing Department.
 - 32 (9%) items consisting of laptops, CPUs, and badminton net system, totaling \$21,773, were missing from the Athletics Department.
 - 48 (14%) items consisting of radio, printer, centrifuge, copiers, laptops, cash register, servers, auto scrubber, and iPad, totaling \$130,642, were missing from the University Police, Property Control, Admissions, Student Affairs, Health Information Administration, Financial Aid, Library and Information Services, College of Health Sciences/Occupational Therapy, Human Resources, Psychology, Records and Registration, Educational Opportunity Center, Foreign Languages and Literature, Labor and Legal Affairs, Center for Teaching and Research Excellence, Elementary and Middle Education, Daycare Center, Office of Grants, Geography, Sociology and History Studies, Social Work, Campus Ministries, and Education Department.

Further, the University did not investigate and/or re-examine inventory counts.

The Code (44 Ill. Admin. Code 5010.490(f)) requires the University to conduct a re-examination and provide written explanation, and/or on-site investigations when unusually large discrepancies are identified during inventory certifications.

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In addition, according to CMS annual inventory certification instructions, a loss ratio of one percent (1%) or greater of the dollar amount of inventoried items requires re-inventory of high loss ratio location codes.

Further, the University Administration and Finance Policies and Procedures Manual on Property Control Management (Policy) states each Fiscal Officer is delegated with the responsibility to retain and account for all assets under their authority. According to the Policy, each Fiscal Officer is required to know the location of all equipment assigned to their fiscal stewardship and ensure such equipment is reasonably secure from possible theft and other hazards. A physical inventory has to be conducted annually beginning March 31st in compliance with CMS rules and regulations and the Fiscal Officer is responsible for providing an explanation and supporting documentation of discrepancies identified.

- During list to floor testing, one of 25 (4%) equipment items, totaling \$14,978, could not be traced to the Certification submitted to CMS. In addition, during floor to list testing, nine of 25 (36%) equipment items could not be traced to the Certification submitted to CMS and University's property records.

The State Property Control Act (Act) (30 ILCS 605/6.02) requires each responsible officer to maintain a permanent record of all items of property under their jurisdiction and control.

In addition, the Fiscal Control and Internal Auditing 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, funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation, and maintain accountability over the University's resources.

- During additions testing, the auditors noted seven of 25 (28%) equipment items, totaling \$45,295, were recorded in the University's property records more than 90 days after acquisition, ranging from 10 to 198 days late.

The Code (44 Ill. Admin. Code 5010.400) requires the University to adjust property records within 90 days of acquisition, change, or deletion of equipment.

- During testing of canceled wireless communication devices, the auditors noted the University was unable to provide documentation to determine if the devices had been returned in a timely manner for three of four (75%) employees that left the University or received an upgraded device.

The Fiscal Control and Internal Auditing 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 that funds, property, and other assets and resources are safeguarded against waste, unauthorized use, and misappropriation which would include enforcing procedures to ensure

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telecommunication devices are returned in a timely manner. Good internal controls over telecommunications include deactivating a wireless communication device before the end of the next billing date, if possible, to avoid unnecessary charges.

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

University management indicated the issues were due to Fiscal Officer (department heads) turnover and their failure to follow the established asset management processes. In addition, the University management indicated the noted deficiency on wireless communication devices arose due to the absence of a formalized process to track and document the timely return and deactivation of wireless communication devices during employee separations or device upgrades. University management further indicated, historically, these processes were decentralized, leading to inconsistent documentation practices.

Failure to investigate or re-examine the discrepancies identified during the annual inventory and failure to exercise adequate internal controls over equipment may result in a loss of equipment due to theft and noncompliance with the State rules and regulations. In addition, failure to maintain adequate internal control over the cancellation of wireless communication devices could result in misuse of State assets and incurrence of unnecessary costs.

UNIVERSITY RESPONSE:

The University agrees with the recommendation. Internal reconciliation of equipment will be performed, and the additional oversight will begin with the Summer 2025. Further, management will implement a formal, centralized process to track the issuance, return, and cancellation of telecommunication devices.

UPDATED RESPONSE:

Recommendation accepted and partially implemented. Control improvements have been implemented at the department level. The inventory process is currently underway.

- 6. The auditors recommend the University strengthen controls over personal services to ensure employee timesheets, overtime timecards, and leave requests are maintained and approved by their supervisors and W-4 forms are properly maintained. In addition, they recommend the University ensure employees' gross pay rates, retirement deductions, terminated employees' lump sum payments, and accrued leave calculations are accurate. Further, the auditors recommend the University ensure employees complete the required trainings in accordance with the State Officials and Employees Ethics Act and Identity Protection Act. Lastly, they recommend University enforce monitoring procedures to ensure employee performance evaluations are timely completed.**

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FINDING: *Inadequate Controls over Personal Services – This finding has been repeated since 2022.*

The Chicago State University (University) did not maintain adequate controls over personal services.

- During review of 60 employees' personnel files, the auditors noted the following:
 - Five (8%) employees' gross pay rates did not agree with the established rates per the State Universities Civil Service System (SUCSS).
 - Three (5%) employees' gross pay rates could not be traced to the SUCSS; therefore, they were unable to determine if the employees' gross pay rates were in accordance with SUCSS.
 - 38 (63%) employees' W-4 forms could not be located.
 - One (2%) employee's retirement deduction was incorrectly calculated.

The Statewide Accounting Management System (SAMS) Manual (Procedure 23.10.30) requires the agency to be responsible for completing the payroll voucher each pay period and attesting to the employee's rate of pay, gross earnings, deductions, net pay, and other required information on the voucher and file. The SAMS Manual (Procedure 23.10.30) also states that the initial control of each payroll is at the agency level.

- During testing of 60 employees' timesheets, the auditors noted the following:
 - 24 (40%) employees' timesheets could not be located; therefore, they were unable to determine if the timesheets were timely submitted and approved.
 - One (2%) employee's timesheet was approved three days late.
 - Two (3%) employees' timesheets were not approved by the employee's supervisor.

The University's Human Resources Policy (Policy) requires managers to review the accuracy and completeness of employee time reports and approve employees' time to ensure they are recording exception time taken, and monitor and approve non-exempt employees' work time to ensure they are adhering to an approved work schedule.

- During testing of 60 employees' overtime records, the auditors noted the following:

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- 28 (47%) employees' overtime timecards could not be located; therefore, they were unable to determine if overtime was properly authorized.
- 32 (53%) employees did not obtain prior authorization in order to work overtime.
- Six (10%) employees' overtime hours per timecards did not agree with University records. Specifically, they noted discrepancies ranging from eight to 56 hours.

The University's Policy states employees must receive prior authorization from their manager to work overtime. In addition, managers must keep track of the number of hours the employees work and ensure they are paid for all time worked.

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

- During testing of leave of absences for five employees, the auditors noted the following:
 - One (20%) employee's leave request form was not signed by the employee's supervisor.
 - Three (60%) employees' leave request forms could not be located.
 - Two (40%) employees were overpaid, totaling \$7,983, during their period of leave of absence.

The University's Policy requires employees to submit all requests and supporting documentation for leaves of absence to the Office of Human Resources within one week of the first day of the absence.

- During review of 40 employees' accrued leave balances, auditors noted five (13%) employees' accrued leave balances were incorrectly calculated, with discrepancies ranging from 48 to 168 hours.

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. Effective internal controls should include procedures to ensure the University accurately calculates the accrued leave balances of employees.

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- During testing of 15 terminated employees, auditors noted two (13%) terminated employees' lump sum payments were incorrectly calculated, with discrepancies ranging from 288 to 383 hours.

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. Effective internal controls should include procedures to ensure the University properly calculates the lump sum payments of terminated employees.

- During testing of 60 employees' performance evaluations, the auditors noted the following:
 - Four (7%) employees' performance evaluations were not completed.
 - Seven (12%) employees' performance evaluations were completed three to 30 days late.
 - Four (7%) employees' performance evaluations were not signed by the employees, as required.
 - One (2%) employee's performance evaluation had no indication of the completion date; therefore, they were unable to determine if the performance evaluation was completed timely.

The University procedures require performance evaluations to be conducted annually within the due dates set forth by the University Human Resource Department or the University Faculty Personnel Action Timetable.

In addition, the Illinois Administrative Code (Code) (80 Ill. Admin. Code 302.270) requires performance records to include an evaluation of employee performance prepared by each agency not less than annually.

- During testing of 60 employees' training requirements, the auditors noted the following:
 - One (2%) new employee did not complete the initial harassment and discrimination prevention training.
 - Two (3%) employees did not complete the annual Identity Protection Act training.
 - Four (7%) employees completed the annual Identity Protection Act training five to 32 days late.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-10.5(a-5)) requires new employees to complete harassment and discrimination prevention training within 30 days after beginning of employment. The Act also requires each

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officer, member, and employee to complete, at least annually, a harassment and discrimination prevention training program.

Additionally, the Identity Protection Act (5 ILCS 179/37) requires all employees identified as having access to social security numbers in the course of performing their duties to be trained to protect the confidentiality of social security numbers. The training should include instructions on handling of information that contains social security numbers from the time of collection through destruction of the information.

This finding was first reported during the year ended June 30, 2022. In the subsequent years, the University has been unsuccessful in implementing appropriate corrective action.

University management indicated, as they did in prior examination, the exceptions noted were due to staffing constraints.

The review and approval of employee timesheets, overtime timecards, and leave requests is a systematic and uniform approach to ensure no employee is misreporting their time spent on official University business. In addition, failure to approve and maintain timesheets, overtime cards, and W-4 forms, along with failure to accurately calculate lump sum payments for terminated employees and the appropriate retirement deductions, as well as ensuring the gross pay rates align with SUCSS may result in incorrect compensation for services rendered and results in noncompliance with University policies and State statutes. Failure to complete the harassment and discrimination training may result in employees not recognizing harassment or discrimination and understanding their rights and responsibilities under the Act. Failure to complete the Identity Protection Act training may result in employees mishandling information containing social security numbers. Finally, performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Failure to conduct timely employee performance evaluations delays formal feedback on an employee's performance, areas for improvement, and the next year's performance goals and objectives. In addition, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharge, layoff, recall, or reinstatement decisions.

UNIVERSITY RESPONSE:

The University agrees with the recommendations and will work to implement controls over payroll and leave processes, required training, and completion of performance evaluations.

UPDATED RESPONSE:

Recommendation accepted and partially implemented. HR is coordinating efforts with Payroll to improve internal controls in personal services processes. Additionally, new technology solutions are being evaluated to automate monitoring of performance evaluations.

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7. The auditors recommend the University maintain a complete and accurate list of contractual agreements. In addition, they recommend the University establish appropriate procedures to ensure all contracts are signed and executed prior to the commencement of services. Further, they recommend the University review its procedures to ensure exempt purchases are timely published in the Illinois Procurement Bulletin.

FINDING: *Inadequate Controls over Contractual Services Expenditures – This finding has been repeated since 2016.*

The Chicago State University (University) did not have adequate controls over contractual services expenditures.

During their testing of contractual agreements, the auditors requested the University to provide the population of contractual agreements including interagency agreements entered into during the examination period. In response to this request, the University provided a listing of purchase orders issued during the examination period. However, upon checking the completeness and accuracy of the listing provided, they noted the following:

- The University did not maintain an up-to-date list of new and existing contracts effective for the examination period.
- Multiple purchase orders can be linked to a single contract. Therefore, a single purchase order does not necessarily indicate a new contract. As such, they were unable to determine the completeness of new contracts based on the purchase order listing.

In addition, the University was unable to provide a listing of interagency agreements.

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

Even given the population limitations noted above which hindered the ability of the accountants to conclude whether selected samples were representative of the population as a whole, they obtained the available population provided by the University, selected a sample, and tested for compliance. During our review of 33 contracts (totaling \$3,127,481), including purchase orders, executed during the fiscal year ended June 30, 2024, they noted the following:

- Four contracts (totaling \$218,817) were executed subsequent to the start date of the contracts. The contract execution dates ranged from 7 to 89 days from the commencement of services.

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- Three exempt purchases (totaling \$742,949) were not published in the Illinois Procurement Bulletin, while three exempt purchases (totaling \$346,441) were published 14 to 89 days late.
- One contract amounting to \$23,400 was not approved by the authorized staff.

This finding was first reported during the year ended June 30, 2016. In subsequent years, the University has been unsuccessful in implementing appropriate corrective action.

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

In addition, the Illinois Procurement Code (Code) (30 ILCS 500 et seq.) and the Statewide Accounting Management System (Procedure 15.20 et seq.) require contracts to contain certain signatures of authorized representatives and disclosures. Moreover, the Code (30 ILCS 500/1-13) requires notices of exempt purchases to be published in the Procurement Bulletin within 14 calendar days after contract execution. Additionally, the Code (30 ILCS 500/20-80(d)) requires that contractors are not to be paid for any supplies that were received or services that were rendered before the contract was reduced to writing and signed by all necessary parties.

Lastly, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to maintain a system, or systems, of internal fiscal and administrative controls. Effective controls should include procedures to ensure contracts are properly approved, published, and fully executed prior to performance.

University management indicated the exceptions were due to inadequate controls and lack of timely action of concerned staff.

Failure to maintain a complete and accurate listing of contractual agreements may result in expenditures not being timely encumbered and paid. In addition, failure to fully execute a contract prior to the commencement of services leaves the University vulnerable to unnecessary liabilities and potential legal issues. Furthermore, failure to publish contracts in the Illinois Procurement Bulletin and include all appropriate approval signatures result in noncompliance with the University procurement policies and procedures, and State statutes and regulations.

UNIVERSITY RESPONSE:

The University agrees with the recommendation. A contract management software would be deployed in Fiscal Year 2026, which will provide contract repository, visibility, contract creation/authoring, contract performance management, and other features to improve contract efficiency at the University.

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UPDATED RESPONSE:

Recommendation accepted and partially implemented. A new Procurement Director was appointed as well as additional staff. Technology solutions are planned for 2Q2026. Outreach and training are extended to departments to help ensure compliance. Additionally, control improvements to ensure proper documentation of exception justifications has been implemented and is working as intended.

8. The auditors recommend the University prepare and timely file the Agency Workforce Report with the Office of the Governor and Secretary of State.

FINDING: *Failure to Prepare and File the Agency Workforce Report – First reported 2023, Last reported 2024*

The Chicago State University (University) did not prepare and file its Agency Workforce Report (Report) for Fiscal Year 2023 with the Office of the Governor and Secretary of State.

The State Employment Records Act (Act) (5 ILCS 410/20) requires the University to prepare the Agency Workforce Report on a fiscal year basis and file the Report by January 1 each year with the Office of the Governor and Secretary of State.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to maintain a system, or systems, of internal fiscal and administrative controls. Effective controls should include procedures to ensure Reports are timely filed with the Office of the Governor and Secretary of State.

University management indicated the failure to file the Agency Workforce Report was due to staffing constraints.

Failure to prepare and file the Report with the Office of the Governor and Secretary of State resulted in noncompliance with the Act.

UNIVERSITY RESPONSE:

The University agrees with the recommendation and will prepare and timely file the Agency Workforce Report by January 1 of each year with the Office of the Governor and Secretary of State. The most recent report has been submitted timely.

UPDATED RESPONSE:

Recommendation accepted and fully implemented. Control improvements have been implemented, and the most recent report has been filed timely.

9. The auditors recommend the University:

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- Obtain and review SOC reports to ensure the service providers' internal controls are adequate.
- Review SOC reports and monitor and document the operation of CUECs relevant to the University's operations.
- Obtain and review SOC reports for subservice providers or perform alternative procedures to determine the impact on the University's internal control environment.
- Document the deviations noted in the SOC reports and perform an analysis of the impact of those deviations on the University's internal control environment.

FINDING: *Lack of Adequate Controls over Review of Internal Controls over Service Providers – This finding has been repeated since 2020.*

The Chicago State University (University) did not have adequate internal controls over its service providers.

The University entered into agreements with various service providers to assist in some of its needed processes to operate effectively and efficiently such as: (1) payment system for receipts and expenditures, (2) purchasing system, (3) processing payments to Perkins's student loans, and (4) tracking of University property and equipment.

During testing of four service providers, the auditors noted the University had not:

- Obtained and reviewed the System and Organization Controls (SOC) reports for one (25%) service provider.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the University's operations identified in the SOC reports for one (25%) service provider.
- Obtained and reviewed SOC reports of the subservice organizations or performed alternative procedures to determine the impact of the subservice organizations on the University's internal control for one (25%) service provider.
- Conducted an analysis to determine the impact of noted deviations within the SOC report on the University's internal control for one (25%) service provider.

This finding was first reported in Fiscal Year 2020. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve its controls over service providers.

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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 Services 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 SOC reports or independent reviews.

In addition, 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 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 and statistical reports to maintain accountability over the State's resources. Strong management controls, due diligence, and fiduciary responsibility require adequate supervision of service providers.

University management stated decentralized vendor management and resource constraints contributed to gaps in service provider monitoring.

Failure to consider the application of CUECs to the University and perform additional assessments on the subservice providers lessens the effectiveness of reliance on the SOC reports as an element of internal control structure. Additionally, failure to obtain and review SOC Reports of service and subservice organizations will not provide assurance the service and subservice providers' internal controls are adequate. Finally, failure to conduct an analysis to determine the impact of deficiencies in the service provider's control environment could impact the University's internal controls.

ACCOUNTANT'S COMMENTS:

The University agrees with the recommendation and is formalizing procedures to obtain, review, and document SOC reports for all relevant service providers and their subservice organizations. The University will evaluate CUECs, track any deviations, and assess their impact on the internal control environment. These actions will enhance oversight and align with the Fiscal Control and Internal Auditing Act.

UPDATED RESPONSE:

Recommendation accepted and partially implemented. Control improvements, including a centralized third-party risk management process and coordination with other units, have been implemented to mitigate the risk of this finding repeating in future years.

- 10. The auditors recommend the University reconcile the Fiscal Year 2023 census data, submit the required certifications along with any potential errors noted to SURS, and work with SURS to address any errors noted.**

FINDING: *Census Data Reconciliation – New*

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The Chicago State University (University) did not complete its annual census data reconciliation and certification.

During their testing, the auditors noted the University did not reconcile changes in the State Universities Retirement System (SURS) member data to University records or submitted the required census data reconciliation certification for FY23 data, as required by SURS, by May 30, 2024, although they had a process in place to do so.

In accordance with the American Institute of Certified Public Accountants' (AICPA's) Audit and Accounting Guide: State and Local Governments, SURS requires each university to reconcile the employee census data annually to a report provided by SURS' actuary. 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. SURS requested the University to reconcile their Fiscal Year 2023 census data, certify to SURS that the reconciliation was completed, and report any potential data errors found by May 30, 2024.

University management indicated the failure to submit census data certification was due to staffing constraints.

Failure to perform reconciliations and submit certifications could lead to reduced reliability of pension and OPEB related information and balances.

UNIVERSITY RESPONSE:

The University agrees with the recommendation and will reconcile the census data and work with SURS to address any errors noted.

UPDATED RESPONSE:

Recommendation accepted and partially implemented. A new benefits manager has been hired, trained, and is currently working with SURS to complete the reconciliation process.

11. The auditors recommend the University:

- **Ensure staff and contractors acknowledge their understanding of the University's information security policies and procedures.**
- **Perform a comprehensive risk assessment to identify and ensure adequate protection of confidential or personal information.**
- **Classify its data to ensure adequate protection.**

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- **Formalize, approve, and implement the standard operating procedures over existing security solutions to provide effective security and resilience of assets.**
- **Ensure adequate implementation and documentation of information security incident response procedures.**
- **Ensure all employees and contractors complete security awareness trainings.**

FINDING: *Weaknesses in Cybersecurity Programs and Practices – This finding has been repeated since 2020.*

The Chicago State University (University) did not maintain adequate internal controls related to its cybersecurity programs and practices.

Given the University's responsibilities, it maintains a substantial amount of personal and confidential information, including Social Security numbers, addresses, and educational records.

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 University's cybersecurity program, practices, and control of confidential information, the auditors noted the University had not:

- Ensured staff and contractors acknowledged their understanding of the University's information security policies and procedures.
- Performed a comprehensive risk assessment to identify and ensure adequate protection of confidential or personal information.
- Classified its data to ensure adequate protection.
- Formalized its standard operating procedures over existing security solutions to provide effective security and resilience of assets.
- Ensured adequate implementation and documentation of information security incident response procedures.

In addition, two of 60 (3%) employees had not completed security awareness training. Furthermore, contractors were not required to complete cybersecurity training.

This finding was first reported in Fiscal Year 2020. In subsequent years, the University has been unsuccessful in establishing adequate controls related to cybersecurity programs and practices.

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The *Framework for Improving Critical Infrastructure Cybersecurity and Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology require 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 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 to maintain accountability over the State's resources.

Additionally, the University's Security and Awareness Training Policy requires all University staff and employees with access to IT systems to review and sign the IT Division's Acceptable Use Agreement, acknowledging understanding of security responsibilities and best practices to safeguard university's data.

Further, the University's Security Incident Response Policy (Policy) requires all staff and employees to promptly report any actual or suspected security incidents. The Policy requires the incidents to be documented, evidence preserved, and analysis activities conducted.

University management stated manual tracking, gaps in University practices, competing IT priorities, and staffing shortages have led to compliance discrepancies.

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

UNIVERSITY RESPONSE:

The University agrees with the recommendation and has initiated efforts to strengthen the University's cybersecurity program. These efforts include formalizing standard operating procedures for existing security tools, conducting a comprehensive risk assessment, implementing data classification, and improving documentation for incident response. The University will also reinforce policy acknowledgment processes and ensure all employees and contractors complete required security awareness training. These actions will improve compliance with internal policies and the Fiscal Control and Internal Auditing Act.

UPDATED RESPONSE:

Recommendation accepted and partially implemented. Updated policies and coordinated with Human Resources to ensure security training for all employees.

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12. The auditors recommend the University update the Plan to depict the current environment along with detailed recovery steps. They also recommend the University perform a disaster recovery testing at least annually.

FINDING: *Inadequate Disaster Recovery Process – This finding has been repeated since 2020.*

The Chicago State University's (University) did not ensure an adequately updated and tested disaster recovery plan exists to ensure timely recovery of critical computer systems.

The University had a disaster recovery plan (Plan) to guide the University in the recovery of its computing and network facilities in the event of a disaster. However, the Plan was not revised since 2016, and it did not depict the current environment and did not contain detailed steps to recover its environment, applications, and data. Additionally, the disaster recovery testing was not performed since 2018.

This finding was first reported in Fiscal Year 2020. In subsequent years, the University has been unsuccessful in establishing adequate controls related to its disaster recovery.

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 Plan section, requires reviewing the contingency plan and updating the plan to address the changes to the organization, system, environment of operation and problems encountered during contingency plan implementation, execution, or testing. NIST also requires testing of the Plan to determine the effectiveness and readiness to execute the recovery procedures.

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.

University management indicated the University has not conducted formal disaster recovery (DR) testing during the current audit period due to the lack of a fully developed and regularly updated disaster recovery policy and testing framework. University management further indicated the University has not yet established a consistent and documented testing process to validate system recovery effectiveness. Additionally, University management indicated competing institutional priorities and limited funding have delayed the formalization of disaster recovery policies and procedures, as well as the execution of full-scale disaster recovery exercises.

Failure to have an adequately updated and tested disaster recovery plan leaves the University exposed to the possibility of major disruptions to services.

UNIVERSITY RESPONSE:

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The University agrees with the recommendation and is actively updating the University's disaster recovery plan to reflect the current environment, systems, and recovery procedures. The University is also developing a documented testing framework and plans to conduct a disaster recovery exercise in the upcoming fiscal year. These efforts will align with NIST 800-53 requirements and strengthen compliance with the Fiscal Control and Internal Auditing Act.

UPDATED RESPONSE:

Recommendation accepted and partially implemented. Disaster Recovery policy is being updated to align with current NIST standards. A risk-based testing schedule will be established.

13. They auditors recommend the University complete the appropriate SAQ(s) and AOC and maintain documentation supporting its validation efforts.

FINDING: *Weaknesses with Payment Card Industry Data Security Standards – New*

The Chicago State University (University) had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS).

The University accepted credit card payments for tuition, student fees, and parking fees. In Fiscal Year 2024, the University handled approximately 12,000 credit card transactions totaling approximately \$1.8 million.

The auditors reviewed the efforts of the University to ensure compliance with PCI DSS. During their testing, they noted the University had not completed appropriate Self-Assessment Questionnaires (SAQ) and Attestation of Compliance (AOC) for its programs accepting credit card payments.

To assist merchants in the assessments of their environment, the PCI Council has established SAQs for validating compliance with PCI's core requirements. At a minimum, PCI DSS required completion of SAQ A and associated AOC; which highlights specific requirements to restrict access to paper and electronic media containing cardholder data, destruction of such media when it is no longer needed, and requirements for managing service providers.

University management indicated the issues noted were due to oversight.

The lack of validation of controls over credit card payments increases the risk of unauthorized disclosure of cardholder data.

UNIVERSITY RESPONSE:

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The University agrees with the recommendation and Student Financial Services will complete the respective SAQ(s) documentation supporting credit card payment transactions both in-person and online.

UPDATED RESPONSE:

Recommendation accepted and partially implemented. Coordination with internal units has been formalized to ensure compliance with deadlines, required submissions, and ongoing monitoring. Extended training is also planned.

14. The auditors recommend the University strengthen controls to ensure I-9 Forms are properly completed, reviewed, and maintained in accordance with the Code.

FINDING: *Weaknesses over Maintenance of Employment Eligibility Verification Forms – This finding has been repeated since 2022.*

The Chicago State University (University) did not ensure the U.S. Citizenship and Immigration Services (USCIS) Employment Eligibility Verification forms (I-9 Form) were properly maintained.

During testing of 60 employees, the auditors noted the following:

- Fourteen (23%) employees did not have the completed I-9 Forms on file. As such they could not determine if the University examined the identity and employment authorizations of these employees.

The Code of Federal Regulation (Code) (8 CFR § 274a.2(a)(3)) requires an employer to examine documents that evidence the identity and employment authorization of the individual. The employer must complete an attestation on the I-9 Form under penalty of perjury.

Moreover, the Code (8 CFR § 274a.2(b)) requires an employer to retain a paper (with original handwritten signatures), electronic, or a combination of paper and electronic formats of I-9 Forms, three years after the date of the hire or one year after the date the individual's employment is terminated, whichever is later.

- One (2%) I-9 Form had Section 1, Employee Information and Attestation, completed and signed by the employee 21 days late and had Section 2, Employer Review and Verification, completed and signed by the University's authorized representative 12 days late.

The Code (8 CFR § 274a.2(b)(i)(A)) requires the employee to complete Section 1 of I-9 Form at the time of hire and sign the attestation with a handwritten or electronic signature. In addition, the Code (8 CFR § 274a.2(b)(ii)(B)) requires the employer to review and verify Section 2 of I-9 Form within three business days of

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the hire and sign the attestation with a handwritten signature or electronic signature.

This finding was first reported during the year ended June 30, 2022. In subsequent years, the University has been unsuccessful in implementing appropriate corrective action.

The Fiscal Control and Internal Auditing Act (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 resources are utilized efficiently, effectively, and in compliance with applicable law. Effective internal controls should include procedures to ensure I-9 Forms are completed and retained.

University management indicated the exceptions on I-9 Forms were due to staff turnover and staffing constraints.

Failure to complete and retain I-9 Forms is a violation of the Code and could result in unlawful employment and expose the University to penalties.

UNIVERSITY RESPONSE:

The University agrees with the recommendation and will implement controls to ensure I-9 Forms are properly completed, reviewed, and maintained.

UPDATED RESPONSE:

Recommendation accepted and implemented.

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

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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.

In the first quarter of FY24, CSU had one emergency purchase for an estimated cost of \$631,500 in other funds to provide food service to support students, staff, and faculty.

In the third quarter of FY24, CSU had one emergency purchase for an estimated cost of \$651,500 in other funds to provide food service to support students, staff, and faculty.

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 2, 2024, the University had 5 employees assigned to locations other than official headquarters.

Legislative Audit Commission

Consent Calendar July 18, 2025

1. Illinois Finance Authority, year ended June 30, 2024: The Financial Audit contained one finding, one repeated. The financial statements are presented fairly.
2. Illinois Gaming Board State, Gaming Fund 129, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
3. Illinois Housing Development Authority, year ended June 30, 2024: The Single Audit contained one finding, no repeated.
4. Illinois Housing Development Authority, year ended June 30, 2024: The Financial Audit contained one finding, no repeated. The financial statements are presented fairly.
5. Illinois Housing Development Authority, two year ended June 30, 2024: The Compliance Examination contained 10 findings, six repeated.
6. Illinois Power Agency, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
7. Illinois State Board of Education, year ended June 30, 2024: The Financial Audit contained two findings, one repeated. The financial statements are presented fairly.
8. Illinois State Board of Investment, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
9. Illinois State University, year ended June 30, 2024: The Financial Audit contained three findings, three repeated. The financial statements are presented fairly.
10. Illinois State University, year ended June 30, 2024: The Single Audit contained three findings, three repeated.
11. Illinois Student Assistance Commission, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
12. Illinois Student Assistance Commission – Illinois Prepaid Tuition Program, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.

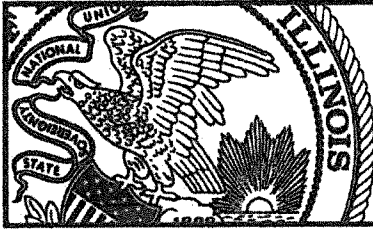
13. Illinois Workers' Compensation Commission Self-Insurers Security Fund, year ended June 30, 2024: The Financial Audit contained one finding, one repeated. The financial statements are presented fairly.
14. IMSA Fund for Advancement of Education, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
15. Judges Retirement System of the State of Illinois, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
16. Judicial Inquiry Board, two years ended June 30, 2024: The Compliance Examination contained three findings, two repeated.
17. Northeastern Illinois University, year ended June 30, 2024: The Financial Audit contained five findings, five repeated. The financial statements are presented fairly.
18. Northeastern Illinois University, year ended June 30, 2024: The Single Audit contained seven findings, six repeated.
19. Northern Illinois University, year ended June 30, 2024: The Single Audit contained four findings, two repeated.
20. Northern Illinois University, year ended June 30, 2024: The Financial Audit contained two findings, two repeated. The financial statements are presented fairly.
21. Northern Illinois University, year ended June 30, 2024: The Government Auditing Standards Report contained two findings, no repeated.
22. Office of Comptroller Fiscal Officer Responsibilities, year ended June 30, 2024: The Compliance Examination contained six findings, six repeated.
23. Office of the Comptroller – Fiscal Officer Responsibilities, year ended June 30, 2024: The Financial Audit contained one finding, one repeated. The financial statements are presented fairly.
24. Office of the Legislative Inspector General, two years ended June 30, 2024: The Compliance Examination contained zero findings.
25. Office of the Secretary of State, year ended June 30, 2024: The Financial Audit contained two findings, one repeated. The financial statements are presented fairly.
26. Office of the State's Attorneys Appellate Prosecutor, two years ended June 30, 2024: Compliance Examination contained four findings, one repeated.
27. Southern Illinois University, year ended June 30, 2024: The Financial Audit contained one finding, no repeated. The financial statements are presented fairly.

28. Southern Illinois University, year ended June 30, 2024: The Single Audit contained one finding, no repeated.
29. Southern Illinois University, year ended June 30, 2024: The Government Auditing Standards Report contained one finding, no repeated.
30. State Employees' Retirement System of Illinois, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
31. State Universities Retirement System, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
32. State Universities Retirement System – Schedule of Allocation, year ended June 30, 2024: The Financial Audit Schedule of Allocation contained no findings.
33. State Universities Retirement System – Census Data, year ended June 30, 2024: The Compliance Examination contained one finding, one repeated.
34. Teachers' Retirement System of the State of Illinois: year ending June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
35. Western Illinois University, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
36. Western Illinois University, year ended June 30, 2024: The Single Audit contained two findings, two repeated.
37. Western Illinois University, year ended June 30, 2024: The Compliance Examination contained six findings, five repeated.

Financial audit reports pertaining to Regional Offices of Education and Service Centers

38. Intermediate Service Center #4 – South Cook, year ended June 30, 2024: The Financial Audit contained two findings, no repeated. The financial statements are presented fairly.
39. Regional Office of Education #3 – Bond, Christian, Effingham, Fayette, and Montgomery Counties, year ended June 30, 2024: The Financial Audit contained one finding, no repeated. The financial statements are presented fairly.

40. Regional Office of Education #20 – Edwards, Gallatin, Hamilton, Hardin, Pope, Saline, Wabash, Wayne, and White Counties, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
41. Regional Office of Education #24 – Grundy and Kendall Counties, year ended June 30, 2024: The Financial Audit contained one finding, one repeated. The financial statements are presented fairly.
42. Regional Office of Education #32 – Iroquois and Kankakee Counties, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
43. Regional Office of Education #35 – LaSalle, Marshall and Putnam Counties, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.
44. Regional Office of Education #41 – Madison County, year ended June 30, 2024: The Financial Audit contained no findings. The financial statements are presented fairly.



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

JAN 09 2025

SUMMARY REPORT DIGEST

ILLINOIS FINANCE AUTHORITY

**Financial Audit
 For the Year Ended June 30, 2024**

Release Date: January 9, 2025

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2023	24-1		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 1							

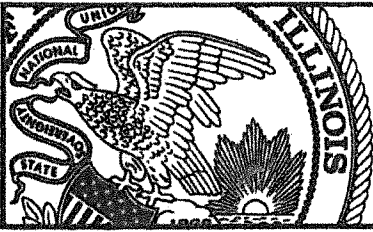
INTRODUCTION

This digest covers the Illinois State Finance Authority's (Authority) Financial Audit as of and for the year ended June 30, 2024.

SYNOPSIS

- (24-1) The Authority experienced a network security incident that involved an unauthorized party gaining access to the Authority's network environment.

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS GAMING BOARD
STATE GAMING FUND (FUND 129)

Financial Audit For the Year Ended June 30, 2024

Release Date: January 28, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	1

JAN 28 2025

INTRODUCTION


This digest covers the financial audit of the Illinois Gaming Board's (Board) State Gaming Fund as of and for the year ended June 30, 2024. A separate digest covering the Board's State Compliance Examination for the two years ended June 30, 2024, will be released at a later date.

There were no findings disclosed during our audit.

AUDITOR'S OPINION


The auditors stated the financial statements of the State Gaming Fund as of and for the year ended June 30, 2024, are fairly stated in all material respects.

This financial audit was conducted by CliftonLarsonAllen LLP.



 COURTNEY DZIERWA
 Division Director

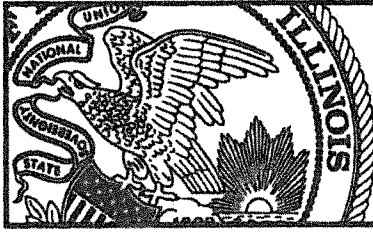
This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.



 FRANK J. MAUTINO
 Auditor General

FJM:QK

FEB 25 2025



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

Single Audit
 For the Year Ended June 30, 2024

Release Date: February 25, 2025

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	No Repeat Findings			
Category 2:	1	0	1				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 3							

INTRODUCTION

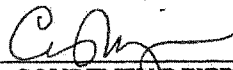
This digest covers our Single Audit of the Illinois Housing Development Authority (Authority) for the year ended June 30, 2024. A separate Financial Audit as of and for the year ended June 30, 2024, was previously released on December 12, 2024. In addition, a separate digest covering the Authority's Compliance Examination will be released at a later date. In total, this report contains 1 finding, which was reported in the Financial Audit.

AUDITOR'S OPINIONS

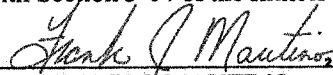
The financial audit report was previously released. The auditors stated the financial statements of the Authority as of and for the year ended June 30, 2024, are fairly stated in all material respects.

The auditors also conducted a Single Audit of the Authority as required by the Uniform Guidance. The auditors stated the Authority complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the Authority's major programs for the year ended June 30, 2024.

This Single Audit was conducted by CliftonLarsonAllen LLP.


 COURTNEY DZIERWA
 Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.


 FRANK J. MAUTINO
 Auditor General

FJM:TLK



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

Financial Audit
 For the Year Ended June 30, 2024

Release Date:
 December 12, 2024

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	0	1	No Repeat Findings			
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 3							

INTRODUCTION

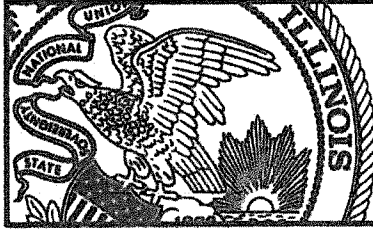
This digest covers the Illinois Housing Development Authority (Authority) Financial Audit as of and for the year ended June 30, 2024. Digests covering the Authority's Single Audit and State Compliance Examination reports for the year(s) ended June 30, 2024 will be separately issued at a later date.

SYNOPSIS

- (24-1) The Authority did not have adequate internal controls in place to ensure their accounting over Subscription-Based Information Technology Agreements was properly recorded for financial reporting purposes.

DEC 12 2024

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS HOUSING DEVELOPMENT AUTHORITY

State Compliance Examination
 For the Two Years Ended June 30, 2024

Release Date: April 8, 2025

FINDINGS THIS AUDIT: 10				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2022		24-6	
				2021		24-10	
Category 2:	4	6	10	2020		24-4, 24-5, 24-9	
Category 3:	0	0	0	2019		24-3	
TOTAL	4	6	10				
FINDINGS LAST AUDIT: 11							

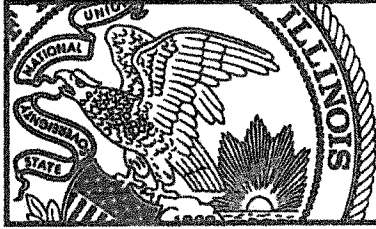
INTRODUCTION

This digest covers our Compliance Examination of the Illinois Housing Development Authority (Authority) for the two years ended June 30, 2024. A separate Financial Audit as of and for the year ended June 30, 2024, was previously released on December 12, 2024. A separate Single Audit for the year ended June 30, 2024, was previously released on February 25, 2025. In total, this report contains 10 findings, one of which was reported in the Financial Audit and Single Audit.

SYNOPSIS

- (24-5) The Authority has not established adequate controls over contracts to ensure goods and services receive prior approval and comply with all applicable State laws, regulations and internal policies and procedures.
- (24-8) The Authority did not properly accrue for compensated employee absences.

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS POWER AGENCY

**Financial Audit
 For the Year Ended June 30, 2024**

Release Date: April 10, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	1

INTRODUCTION

This report covers our financial audit of the Illinois Power Agency’s (Agency) Individual Nonshared Governmental Funds (the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund), as of and for the year ended June 30, 2024. A digest covering the Agency’s Compliance Examination for the two years ended June 30, 2024, will be released at a later date.

There were no material findings of noncompliance disclosed during our audit.

AUDITOR’S OPINION

The auditors stated the financial statements of the Illinois Power Agency Operations Fund, the Illinois Power Agency Renewable Energy Resources Fund, and the Illinois Power Agency Trust Fund as of and for the year ended June 30, 2024 are fairly stated in all material respects.

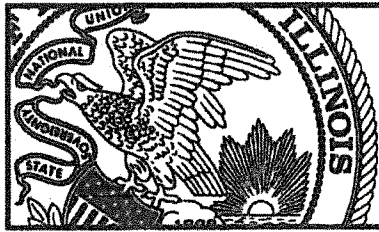
This financial audit was conducted by Plante & Moran, PLLC.

COURTNEY DZIERWA
 Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

FRANK J. MAUTINO
 Auditor General

FJM:EBO



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE BOARD OF EDUCATION

**Financial Audit
 For the Year Ended June 30, 2024**

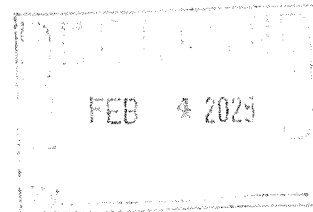
Release Date: February 4, 2025

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	0	0	2023		1	
Category 2:	1	1	2				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	1	1	2				
FINDINGS LAST AUDIT: 1							

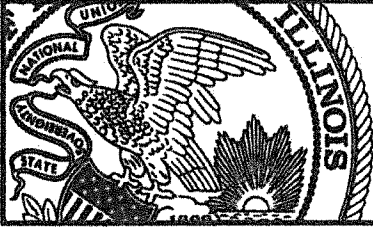
This digest covers the Agency's Financial Audit as of and for the year ended June 30, 2024. A digest covering the Agency's State Compliance Examination for the two years ended June 30, 2024, will be released at a later date.

SYNOPSIS

- (24-1) The Illinois State Board of Education (Agency) had not implemented adequate controls over its service providers.



Category 1: Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3: Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE BOARD OF INVESTMENT

Financial Audit
For the Year Ended June 30, 2024

Release Date: January 14, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

INTRODUCTION

This digest covers the Illinois State Board of Investment's (ISBI) financial audit as of and for the year ended June 30, 2024.

There were no findings reported under *Government Auditing Standards* in our audit.

AUDITOR'S OPINION


The auditors stated the financial statements of ISBI as of and for the year ended June 30, 2024, are fairly stated in all material respects.

This financial audit was conducted by RSM US LLP.



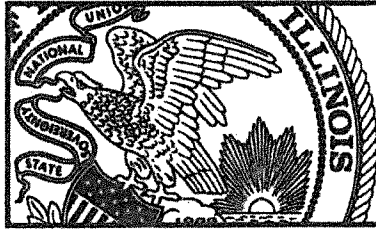
JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.



FRANK J. MAUTINO
Auditor General

FJM:dmg



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE UNIVERSITY

**Financial Audit
 For the Year Ended June 30, 2024**

Release Date: December 12, 2024

FINDINGS THIS AUDIT: 3				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	3	3	2023	24-02, 24-03		
Category 2:	0	0	0	2018	24-01		
Category 3:	0	0	0				
TOTAL	0	3	3				
FINDINGS LAST AUDIT: 3							

INTRODUCTION

This digest covers the financial audit of Illinois State University (University) as of and for the year ended June 30, 2024. The University's Single Audit and State compliance examination reports will be separately issued at a later date.

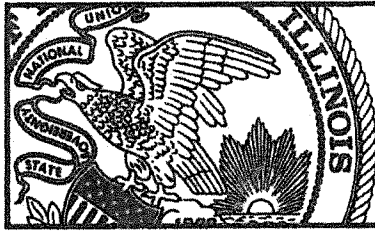
SYNOPSIS

- (24-01) The University had multiple computer security weaknesses.
- (24-02) The University did not implement adequate internal controls over its service providers.

DEC 12 2024

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.

FEB 25 2025



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE UNIVERSITY

Single Audit
For the Year Ended June 30, 2024

Release Date: February 25, 2025

FINDINGS THIS AUDIT: 3				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	3	3	2023	24-02, 24-03		
Category 2:	0	0	0	2018	24-01		
Category 3:	0	0	0				
TOTAL	0	3	3				
FINDINGS LAST AUDIT: 4							

INTRODUCTION

This digest covers the Single Audit of Illinois State University (University) for the year ended June 30, 2024. The University's financial audit as of and for the year ended June 30, 2024, was separately released on December 12, 2024. Additionally, the University's State compliance examination will be separately issued at a later date. In total, this report contains three findings, all of which were reported within the University's financial audit.

AUDITOR'S OPINIONS

The auditors previously stated the financial statements of the University as of and for the year ended June 30, 2024, are fairly stated in all material respects.

The auditors also conducted a Single Audit of the University as required by the Uniform Guidance. The auditors stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2024.

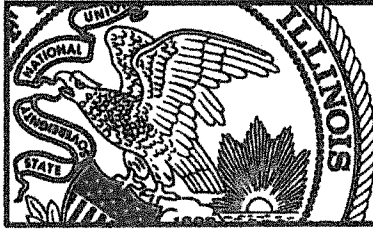
This Single Audit was conducted by FORVIS LLP.

Courtney Dzierwa
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

FRANK J. MAUTINO
Auditor General

FJM:TLK



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STUDENT ASSISTANCE COMMISSION

**Financial Audit
For the Year Ended June 30, 2024**

Release Date: April 8, 2025

FINDINGS THIS AUDIT:	0
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FINDINGS LAST AUDIT:	0
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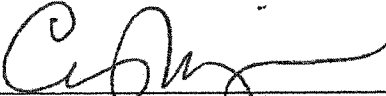
INTRODUCTION

This digest covers the Illinois Student Assistance Commission's (Commission) financial audit for the year ended June 30, 2024. Included in the financial statements of the Commission are the Illinois Prepaid Tuition Program (Program), a major fund of the Commission and the State of Illinois and the Illinois Designated Account Purchase Program (IDAPP), a fund of the Commission.

AUDITOR'S OPINION


The auditors stated the financial statements of the Commission as of and for the year ended June 30, 2024 are fairly stated in all material respects.

This financial audit was conducted by Crowe LLP.



COURTNEY DZIERWA
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.



FRANK J. MAUTINO
Auditor General

FJM:JGR



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STUDENT ASSISTANCE COMMISSION -
ILLINOIS PREPAID TUITION PROGRAM

Financial Audit
 For the Year Ended June 30, 2024

Release Date: April 8, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

INTRODUCTION

This report covers our financial audit of the Illinois Student Assistance Commission (Commission) – Illinois Prepaid Tuition Program (Program) as of June 30, 2024 and for the year then ended.

As of June 30, 2024, the Program has a surplus of \$49.15 million. The table below details a reconciliation of the fund balance in the financial statements to the surplus in the Actuarial Soundness Report as of June 30, 2024.

Reconciliation of Fund Balance with Surplus in the Actuarial Report	
Surplus per actuarial soundness report	\$ 40,441,213
Present value of accrued future administrative expense	10,561,624
Other accrued liabilities	<u>(1,852,131)</u>
Fund balance per Statement of Net Position	<u>\$ 49,150,706</u>

AUDITOR'S OPINION

The auditors stated the financial statements of the Commission - Program as of and for the year ended June 30, 2024 are fairly stated in all material respects.


This financial audit was conducted by Crowe LLP.



 COURTNEY DZIERWA

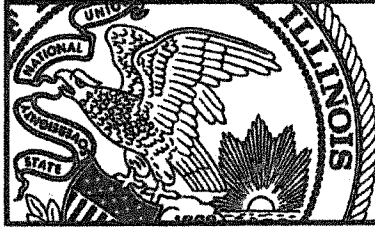
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.



 FRANK J. MAUTINO
 Auditor General

FJM:JGR



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS WORKERS' COMPENSATION COMMISSION
SELF-INSURERS SECURITY FUND

Financial Audit
For the Year Ended June 30, 2024

Release Date: February 20, 2025

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	1	1	2020	24-01		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 2							

INTRODUCTION

This digest covers the financial audit of the Illinois Workers' Compensation Commission (Commission) - Self-Insurers Security Fund as of and for the year ended June 30, 2024, and the finding arising from the financial audit reported pursuant to Government Auditing Standards.

FEB 20 2025

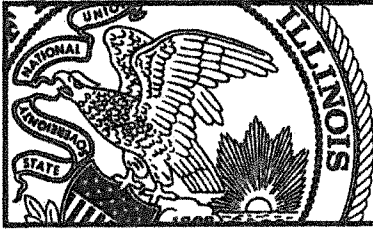
SYNOPSIS

- (24-01) The Commission did not ensure all events and transactions impacting the Self-Insurers Security Fund were appropriately recorded in its internal accounting records and presented fairly in its financial statements.

EMPHASIS OF MATTER

As discussed in Note 13 to the financial statements, the Self-Insurers Security Fund has a total net position (deficit) of (\$4,213,875) as of June 30, 2024. This deficit, which is presented on an accrual basis, is the excess of total liabilities and deferred inflows of resources over total assets and deferred outflows of resources. Management of the Commission stated that, subject to approval by the Self-Insurers Advisory Board established within the Commission, future assessments will be used to meet Fund's obligations in the future (Independent Auditor's Report on page 6 and Note 13 on page 44).

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

IMSA FUND FOR ADVANCEMENT OF EDUCATION

Financial Audit
For the Year Ended June 30, 2024

Release Date: November 26, 2024

FINDINGS THIS AUDIT:	0
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FINDINGS LAST AUDIT:	0
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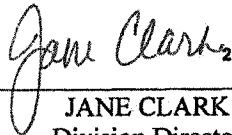
INTRODUCTION

The IMSA Fund for Advancement of Education (Fund) was incorporated February 6, 1986 as an Illinois not-for-profit corporation. The Fund serves as the primary source of private funding for the Illinois Mathematics and Science Academy (Academy). The primary functions of the Fund are to raise funds from the private sector, oversee the management and distribution of the Fund's assets and to enrich the Academy's education programs. Private sector contributions also provide resources to enhance the Academy's continuing development as an educational laboratory for schools and teachers throughout the State.

AUDITOR'S OPINION


The auditors stated the financial statements of the Fund as of and for the year ended June 30, 2024 are fairly stated in all material respects.

This financial audit was conducted by Borschnack, Pelletier & Co.



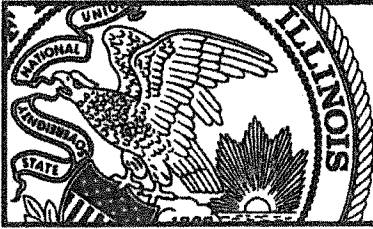
JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.



FRANK J. MAUTINO
Auditor General

FJM:rsh



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

JUDGES' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

**Financial Audit
 For the Year Ended June 30, 2024**

Release Date: January 14, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

INTRODUCTION

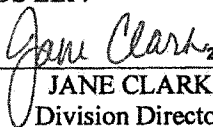
This digest covers the financial statement audit of the Judges' Retirement System of the State of Illinois (System) as of and for the year ended June 30, 2024.

The System's total pension liability is \$3,157.4 million at June 30, 2024, an increase of \$59.2 million from \$3,098.3 million at June 30, 2023. The System's net pension liability at June 30, 2024 is \$1,759.0 million, which is the difference between the System's fiduciary net position of \$1,398.4 million and the total pension liability. The System's net position as a percentage of the total pension liability is 44.29% as of June 30, 2024, as compared to 42.68% at June 30, 2023. The criteria used for computing pension liability information in the financial report in accordance with GASB Statement No. 67 differs from the criteria used to compute the actuarial accrued liability and actuarial unfunded liability under the State's funding plan, therefore this information under the State's funding plan is no longer reported in the financial statements. There were no findings reported under *Government Auditing Standards* in our audit.

AUDITOR'S OPINION


The auditors stated the financial statements of the System as of and for the year ended June 30, 2024, are fairly stated in all material respects.

This financial audit was conducted by RSM US LLP.



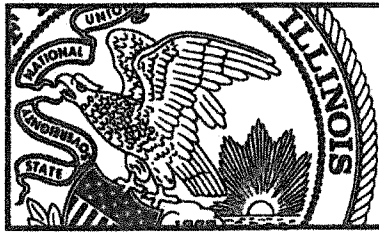
 JANE CLARK
 Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.



 FRANK J. MAUTINO
 Auditor General

FJM:dmg



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

JUDICIAL INQUIRY BOARD

State Compliance Examination
 For the Two Years Ended June 30, 2024

Release Date: February 20, 2025

FINDINGS THIS AUDIT: 3				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2022		24-03	
Category 2:	1	2	3	2016		24-01	
Category 3:	0	0	0				
TOTAL	1	2	3				
FINDINGS LAST AUDIT: 5							

SYNOPSIS

- (24-01) The Judicial Inquiry Board (Board) did not timely deposit refund receipts and did not record refunds received into the State's accounting system.
- (24-03) The Board did not maintain its petty cash fund according to statute and Illinois Office of Comptroller requirements.

FEB 20 2025

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

NORTHEASTERN ILLINOIS UNIVERSITY

Financial Audit
 For the Year Ended June 30, 2024

Release Date: March 27, 2025

FINDINGS THIS AUDIT: 5	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	2	2	2023		24-05	
Category 2:	0	3	3	2022	24-02		
Category 3:	0	0	0	2020	24-01	24-03	
TOTAL	0	5	5	2019		24-03	
				2017		24-04	
FINDINGS LAST AUDIT: 6							

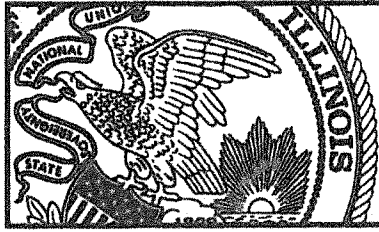
INTRODUCTION

This digest covers the Northeastern Illinois University’s (University) Financial Audit as of and for the year ended June 30, 2024. The University’s Compliance Examination and Single Audit will be issued in separate reports.

SYNOPSIS

- (24-01) The 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 plans was complete and accurate.
- (24-02) The University did not comply with the Fiscal Control and Internal Auditing Act.
- (24-03) The University lacked adequate controls over review of internal controls for service providers.

Category 1: Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3: Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

NORTHEASTERN ILLINOIS UNIVERSITY

Single Audit
 For the Year Ended June 30, 2024

Release Date: April 8, 2025

FINDINGS THIS AUDIT: 7				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	2	3	2023		24-05	
Category 2:	0	4	4	2022	24-02		
Category 3:	0	0	0	2020	24-01	24-07	
TOTAL	1	6	7	2019		24-03	
				2017		24-04	
FINDINGS LAST AUDIT: 7							

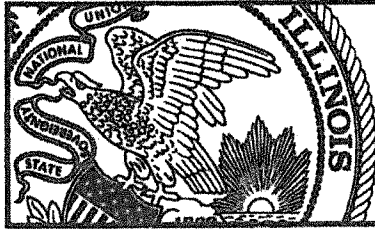
INTRODUCTION

This digest covers the Northeastern Illinois University's (University) Single Audit for the year ended June 30, 2024. A separate digest covering the University's Financial Audit was separately released. In addition, a separate digest covering the University's State Compliance Examination will be released at a later date. In total, this digest contains 7 findings, 5 of which were reported in the Financial Audit.

SYNOPSIS

- (24-06) The University did not have adequate procedures and controls in place to ensure that the effective date of students who unofficially withdrew was accurately reported to the National Student Loan Data System.
- (24-07) The University did not have adequate procedures in place to ensure grant reports were accurate and timely submitted and posted to their website.

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

NORTHERN ILLINOIS UNIVERSITY

Single Audit
 For the Year Ended June 30, 2024

Release Date: March 27, 2025

FINDINGS THIS AUDIT: 4				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	0	1	2023		24-1, 24-2	
Category 2:	1	2	3				
Category 3:	0	0	0				
TOTAL	2	2	4				
FINDINGS LAST AUDIT: 7							

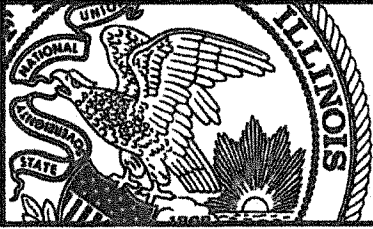
INTRODUCTION

This digest covers Northern Illinois University's (University) Single Audit for the year ended June 30, 2024. A digest covering the University's Financial Audit as of and for the year ended June 30, 2024 was separately released. In addition, a separate digest covering the University's State compliance examination for the year ended June 30, 2024 will be released at a later date. In total, this report contains four findings, two of which were reported in the Financial Audit.

SYNOPSIS

- (24-4) The University included incorrect documentation within purchase requisition forms for small purchases and simplified acquisition procurement transactions at the time of approval of the purchase which did not allow a reviewer to determine the appropriateness of the procurement method in the Fund for the Improvement of Postsecondary Education program.

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

NORTHERN ILLINOIS UNIVERSITY

**Financial Audit
 For the Year Ended June 30, 2024**

Release Date: March 13, 2025

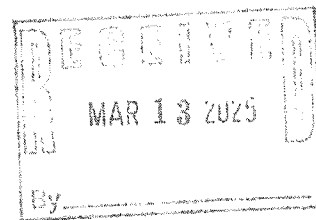
FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	0	0	2023		24-01, 24-02	
Category 2:	0	2	2				
Category 3:	0	0	0				
TOTAL	0	2	2				
FINDINGS LAST AUDIT: 4							

INTRODUCTION

This digest covers the Northern Illinois University's (University) Financial Audit as of and for the year ended June 30, 2024. A digest covering the University's Single Audit will be separately released at a later date. In addition, a separate digest covering the University's Compliance Examination for the year ended June 30, 2024, will be released at a later date.

SYNOPSIS

- (24-1) The University did not properly adjust its financial statements for certain transactions.



Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.

Northern Illinois University
A Component Unit of the State of Illinois

Report Required Under *Government Auditing Standards*
For the Year Ended June 30, 2024

Summary

The audit of the accompanying financial statements of Northern Illinois University (University) was performed by RSM US LLP in accordance with *Government Auditing Standards*. This report is an integral part of that audit.

Based on their audit, the auditors expressed an unmodified opinion on the University's basic financial statements, issued under a separate cover.

Summary of Findings

The auditors identified two matters involving the University's internal control over financial reporting that they considered to be significant deficiencies.

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	5	2023/2023	Financial Statement Errors	Significant Deficiency
2024-002	7	2023/2023	Leases and SBITA Errors	Significant Deficiency
Prior Findings Not Repeated				
A	8	2023/2023	Capital Assets	
B	8	2023/2023	Effective Interest Rate	

Exit Conference

This report was discussed with University personnel at an exit conference on February 24, 2025. Attending were: Brian Caputo - University Associate Vice President, Jason Askin - University Controller, Kathy Marshall - University Financial Reporting Manager, Thomas Kizziah - OAG Senior Audit Manager, Kelly Kirkman - RSM Partner, and Ronnie Christopher - RSM Senior Manager.

The responses to the recommendations were provided by Jason Askin, Controller, via email correspondence on February 25, 2025.



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

**OFFICE OF COMPTROLLER
 FISCAL OFFICER RESPONSIBILITIES**

Compliance Examination
 For the Year Ended June 30, 2024

Release Date: March 11, 2025

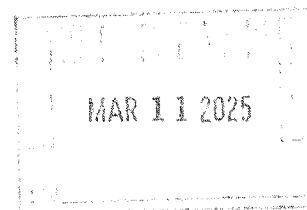
FINDINGS THIS AUDIT: 6				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	3	3	2022	24-1, 24-3	24-4, 24-5, 24-6	
Category 2:	0	3	3	2009	24-2		
Category 3:	0	0	0				
TOTAL	0	6	6				
FINDINGS LAST AUDIT: 6							

INTRODUCTION

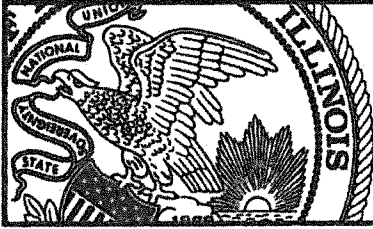
This digest covers the Office of Comptroller's (Office) Fiscal Officer Responsibilities Compliance Examination for the year ended June 30, 2024. The Office's Fiscal Officer Responsibilities Financial Audit as of and for the year ended June 30, 2024 was previously released on December 19, 2024. In total, this report contains six findings, one of which was also reported in the Financial Audit.

SYNOPSIS

- (24-02) The Office did not ensure all statutorily mandated transfers between State funds were made within established timeframes.
- (24-03) The Office had not implemented adequate controls over its service providers.



Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF COMPTROLLER – FISCAL OFFICER RESPONSIBILITIES

Financial Audit
 For the Year Ended June 30, 2024

Release Date: December 19, 2024

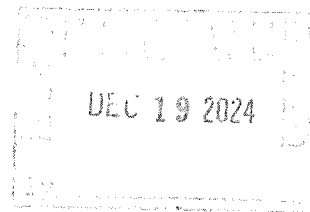
FINDINGS THIS AUDIT: 1	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2022	24-1		
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 2							

INTRODUCTION

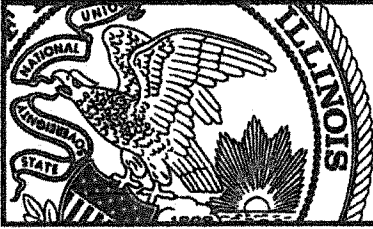
This digest covers the Office of Comptroller’s Fiscal Officer’s Financial Audit as of and for the year ended June 30, 2024. The Office of Comptroller - Fiscal Officer’s Compliance Examination as of and for the year ended June 30, 2024 will be issued in a separate report at a later date.

SYNOPSIS

- (24-1) The Office of Comptroller did not implement adequate general Information Technology (IT) controls related to its environment and applications.



Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE SECRETARY OF STATE

**Financial Audit
 For the Year Ended June 30, 2024**

Release Date: January 23, 2025

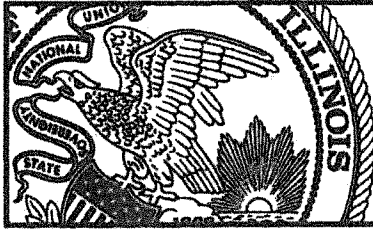
FINDINGS THIS AUDIT: 2	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2020		24-1	
Category 2:	1	1	2				
Category 3:	0	0	0				
TOTAL	1	1	2				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- (24-1) The Office of the Illinois Secretary of State (Office) had certain deficiencies in their internal control to ensure accurate census data was provided to the State Employees' Retirement System of Illinois (System) for use in the applicable annual actuarial valuations.
- (24-2) The Office inaccurately calculated cash in transit at June 30, 2024, in the General Fund (Fund 0001).

JAN 23 2025

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

OFFICE OF THE STATE'S ATTORNEYS APPELLATE PROSECUTOR

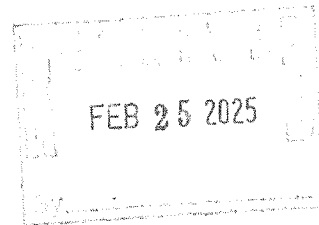
State Compliance Examination
 For the Two Years Ended June 30, 2024

Release Date: February 25, 2025

FINDINGS THIS AUDIT: 4				AGING SCHEDULE OF REPEATED FINDINGS			
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	0	1	2020		24-2	
Category 2:	2	1	3				
Category 3:	0	0	0				
TOTAL	3	1	4				
FINDINGS LAST AUDIT: 1							

SYNOPSIS

- (24-1) The Office of the State's Attorneys Appellate Prosecutor's (Office) internal controls over its voucher processing function were not operating effectively during the examination period.



Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.

MAR 04 2025



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

SOUTHERN ILLINOIS UNIVERSITY

**Financial Audit
 For the Year Ended June 30, 2024**

Release Date: March 4, 2025

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	0	0	No Repeat Findings			
Category 2:	1	0	1				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 1							

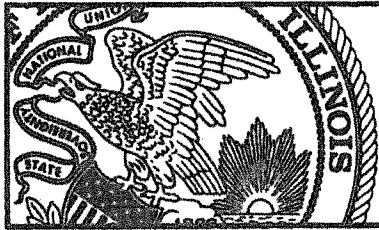
INTRODUCTION

This digest covers Southern Illinois University's (University) Financial Audit as of and for the year ended June 30, 2024. Digests covering the University's Single Audit and State Compliance Examination will be released at a later date.

SYNOPSIS

- (24-1) The University did not have adequate internal controls over cutoff of accounts payable and accrued liabilities to ensure amounts owed are recorded in the proper period.

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

MAR 25 2025

SUMMARY REPORT DIGEST

SOUTHERN ILLINOIS UNIVERSITY

Single Audit
For the Year Ended June 30, 2024

Release Date: March 25, 2025


FINDINGS THIS AUDIT: 1	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	No Repeat Findings			
Category 2:	1	0	1				
Category 3:	0	0	0				
TOTAL	1	0	1				
FINDINGS LAST AUDIT: 2							

This digest covers the University's Single Audit for the year ended June 30, 2024. A digest for the University's Financial Audit was previously released on March 4, 2025. In addition, a separate digest covering the University's Compliance Examination will be released at a later date. In total, this digest contains one finding which was reported in the financial audit.

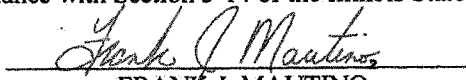
AUDITOR'S OPINIONS

The auditors stated the financial statements of the University as of and for the year ended June 30, 2024, are fairly stated in all material respects. The auditors also conducted a Single Audit of the University as required by the Uniform Guidance. The auditors stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the Agency's major federal programs for the year ended June 30, 2024.

This Single Audit was conducted by Plante Moran PLLC.


COURTNEY DZIERWA
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.


FRANK J. MAUTINO
Auditor General

FJM:lkw

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.

SOUTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended June 30, 2024

REPORT REQUIRED UNDER GOVERNMENT AUDITING STANDARDS

SUMMARY

The audit of the financial statements of Southern Illinois University (University) was performed by Plante & Moran, PLLC in accordance with *Government Auditing Standards*. This report is an integral part of that audit.

Based on their audit, the auditors expressed unmodified opinion on the University’s basic financial statements, issued under a separate cover.

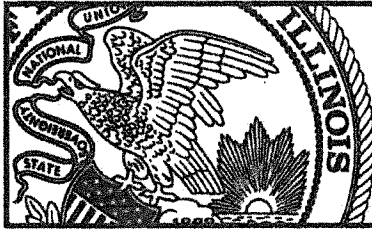
SUMMARY OF FINDINGS

The auditors identified one matter involving the University’s internal control over financial reporting that they considered to be a significant deficiency.

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	5	New	Inadequate Internal Controls over Cutoff of Accounts Payable and Accrued Liabilities	Significant Deficiency
Prior Findings Not Repeated				
A	7	2023/2020	Inadequate Internal Controls over Census Data	

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Jamie Grapperhaus, Interim Executive Director, Internal Audit, on January 30, 2025. The responses to the recommendation was provided by Jamie Grapperhaus, Interim Executive Director, Internal Audit, in a correspondence dated February 4, 2025.



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

STATE EMPLOYEES' RETIREMENT SYSTEM OF ILLINOIS

Financial Audit
 For the Year Ended June 30, 2024

Release Date: January 14, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

JAN 14 2025

INTRODUCTION

This digest covers the financial statement audit of the State Employees' Retirement System of Illinois (System) as of and for the year ended June 30, 2024.

The System's total pension liability is \$58.4 billion at June 30, 2024, an increase of \$1.9 billion from \$56.4 billion at June 30, 2023. The System's net pension liability at June 30, 2024 is \$33.1 billion, which is the difference between the System's fiduciary net position of \$25.3 billion and the total pension liability. The System's net position as a percentage of the total pension liability is 43.3% as of June 30, 2024, as compared to 41.4% at June 30, 2023. The criteria used for computing pension liability information in the financial report in accordance with GASB Statement No. 67 differs from the criteria used to compute the actuarial accrued liability and actuarial unfunded liability under the State's funding plan, therefore this information under the State's funding plan is no longer reported in the financial statements. There were no findings reported under *Government Auditing Standards* in our audit.

AUDITOR'S OPINION

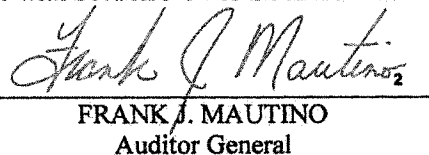
The auditors stated the financial statements of the System as of and for the year ended June 30, 2024, are fairly stated in all material respects.

This financial audit was conducted by RSM US LLP.



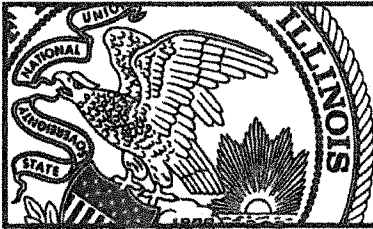
 JANE CLARK
 Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.



 FRANK J. MAUTINO
 Auditor General

FJM:dmg



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

STATE UNIVERSITIES RETIREMENT SYSTEM

**Financial Audit
 For the Year Ended June 30, 2024**

Release Date: January 9, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	1

JAN 09 2025

INTRODUCTION

This digest covers the financial statement audit of the State Universities Retirement System (System) as of and for the year ended June 30, 2024.

The System's total pension liability was \$54.571 billion at June 30, 2024. The net pension liability at June 30, 2024, was \$30,231 billion, which is the difference between the System's fiduciary net position of \$24.340 billion and the total pension liability. The System's funded ratio was 44.6%. The criteria used for computing pension liability information in the financial report in accordance with GASB Statement No. 67 differs from the criteria used to compute the actuarial accrued liability and actuarial unfunded liability under the State's funding plan; therefore, this information under the State's funding plan is no longer reported in the financial statements. There were no findings reported under *Government Auditing Standards* in our audit.

AUDITOR'S OPINION(S)


The auditors stated the financial statements of the System as of and for the year ended June 30, 2024 are fairly stated in all material respects.

This financial audit was conducted by RSM US LLP.



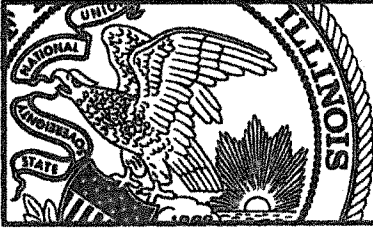
 JANE CLARK
 Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.



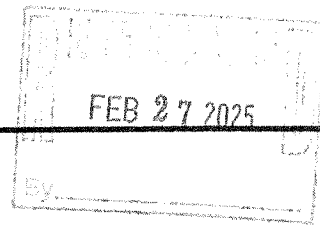
 FRANK J. MAUTINO
 Auditor General

FJM:TLK



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General



SUMMARY REPORT DIGEST

STATE UNIVERSITIES RETIREMENT SYSTEM

**Financial Audit - Schedule of Allocation
For the Year Ended June 30, 2024**

Release Date: February 27, 2025

INTRODUCTION

This digest covers the Financial Audit of the Schedule of Allocation as of and for the years ended June 30, 2024, and the related notes to the Schedules. In addition, the digest also covers the Financial Audit of the total for all entities of the columns titled net pension liability as of June 30, 2024, total deferred outflows of resources, total deferred inflows of resources, and total pension expense subject to allocation (specified column totals) in the Schedule of Pension Amounts of the State Universities Retirement System (System) as of and for the year ended June 30, 2024. We previously released a separate Financial Audit of the System's financial statements on January 9, 2025.

The System is the administrator of a cost-sharing, multiple-employer defined benefit public employee retirement system. The System was established to provide retirement annuities and other benefits for staff members and employees of the State universities, certain affiliated organizations and certain other State educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. Certain contributions are statutorily required to be made to the System by employees, employers, and the State of Illinois (State), who would be considered a non-employer contributing entity. The Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions as amendment of GASB statement No. 27* requires the participating employers and non-employer that prepare financial statements in accordance with Generally Accepted Accounting Principles (GAAP) to recognize their proportionate share of certain collective pension amounts in their financial statements, which includes the net pension liability.

The State is considered a non-employer contributing entity. The Schedule of Allocation and Schedule of Pension Amounts include amounts for the State. Prior to the implementation of GASB Statement 68, the portion of the System's liability not covered by assets was not allocated to the State for financial reporting purposes. Consequently, the State did not report the cumulative pension amounts, including the net pension liability, in either its audited financial statements or notes, even though it has an obligation to provide pension benefits to the employees.

Due to the State needing to report the pension amounts in its financial statements prepared in accordance with GAAP, the System has prepared the Schedule of Allocation and the Schedule of Pension Amounts, which provides the necessary financial information for the State. By having these Schedules audited, this will also provide the State's auditors an Independent Auditor's Opinion in regard to those Schedules.

The System's net pension liability at June 30, 2024, was \$30.23 billion of which 100% is allocated to the State of Illinois as its portion of the net pension liability.



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

STATE UNIVERSITIES RETIREMENT SYSTEM

**Compliance Examination of Census Data
For the Year Ended June 30, 2024**

Release Date: April 15, 2025

INTRODUCTION

This digest covers the Compliance Examination of Census Data for Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Southern Illinois University, University of Illinois and Western Illinois University (collectively, the Universities) as of and for the year ended June 30, 2024.

Our Special Assistant Auditors for the State Universities Retirement System (System) were engaged to perform various census testing to determine the universities compliance over certain specified requirements. Those requirements were as follows:

- A. All of the University's employees required to be enrolled in the System in accordance with applicable laws, rules and regulations were properly enrolled in the System during the census data accumulation year ended June 30, 2023.
- B. The changes in significant elements of census data for employees required to be enrolled in the System occurring during the census data accumulation year ended June 30, 2023, were completely and accurately reported by the University to the System.

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

- a. social security number;
- b. first and last name;
- c. date of birth;
- d. gender;
- e. plan choice;
- f. pay for the year tested; and,
- g. earned service credit.

- C. The changes in significant elements of census data for employees required to be enrolled in the Plan occurring during the census data accumulation year ended June 30, 2023, were completely and accurately reported by the System to the Department of Central Management Services through the System.

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

- a. social security number;
- b. first and last name;
- c. date of birth;
- d. gender; and,
- e. earned service credit.



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

**Financial Audit
For the Year Ended June 30, 2024**

Release Date: January 9, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

INTRODUCTION

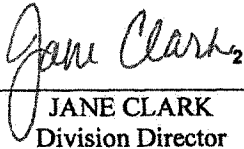
This digest covers the Financial Audit of the Teachers' Retirement System of the State of Illinois (System) as of and for the year ended June 30, 2024.

The System's total pension liability is \$157.3 billion at June 30, 2024, an increase of \$5.8 billion from \$151.5 billion at June 30, 2023. The System's net pension liability at June 30, 2024 is \$85.9 billion, which is the difference between the System's fiduciary net position of \$71.4 billion and the total pension liability. The System's net position as a percentage of the total pension liability is 45.4% at June 30, 2024, as compared to 43.9% at June 30, 2023. The criteria used for computing pension liability information in the financial report in accordance with GASB Statement No. 67 differs from the criteria used to compute the actuarial accrued liability and actuarial unfunded liability used for funding purposes, therefore this information is no longer reported in the financial statements. There were no findings reported under *Government Auditing Standards* in our audit.

AUDITOR'S OPINION

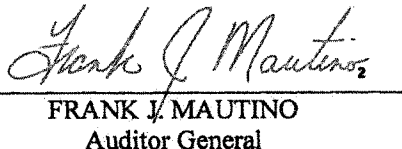
The auditors stated the financial statements of the System as of and for the year ended June 30, 2024, are fairly stated in all material respects.

This financial audit was conducted by Forvis Mazars, LLP.



JANE CLARK
Division Director

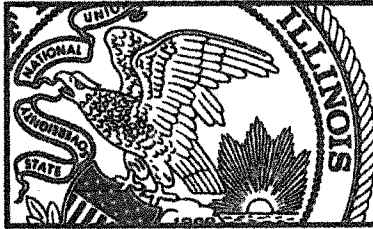
This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.



FRANK J. MAUTINO
Auditor General

FJM:dmg

MAR 11 2025



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

WESTERN ILLINOIS UNIVERSITY

**Financial Audit
For the Year Ended June 30, 2024**

Release Date: March 11, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

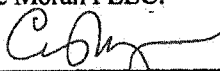
INTRODUCTION

This digest covers Western Illinois University (University) Financial Audit as of and for the year ended June 30, 2024. A digest covering the University's Single Audit and Compliance Examination for the year ended June 30, 2024, will be released at a later date.

AUDITOR'S OPINION


The auditors stated the financial statements of the University as of and for the year ended June 30, 2024, are fairly stated in all material respects.

This financial audit was conducted by Plante & Moran PLLC.



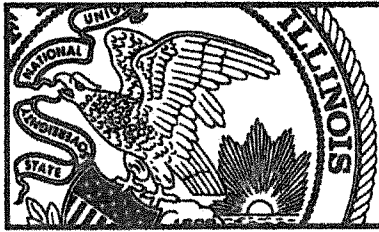
COURTNEY DZIERWA
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.



FRANK J. MAUTINO
Auditor General

FJM:SJS



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

MAR 25 2025

SUMMARY REPORT DIGEST

WESTERN ILLINOIS UNIVERSITY

Single Audit
 For the Year Ended June 30, 2024

Release Date: March 25, 2025

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	0	2	2	2023	24-2		
Category 2:	0	0	0	2022	24-1		
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	0	2	2				
FINDINGS LAST AUDIT: 3							

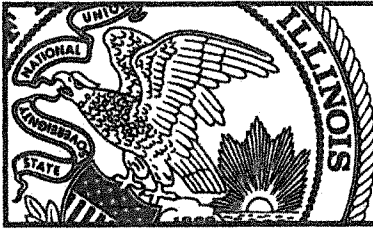
INTRODUCTION

This digest covers Western Illinois University's (University) Single Audit for the year ended June 30, 2024. A separate digest covering the University's Financial Audit as of and for the year ended June 30, 2024, was previously released on March 11, 2025. In addition, a separate digest covering the University's State compliance examination for the year ended June 30, 2024, will be released at a later date.

SYNOPSIS

- (24-01) The University did not have adequate procedures in place to complete accurate enrollment reporting for all students.
- (24-02) The University did not have adequate procedures in place to complete accurate and timely return of Title IV funds for all students within the required time period.

Category 1:	Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
Category 2:	Findings that are significant deficiencies in internal control and noncompliance with State laws and regulations.
Category 3:	Findings that have no internal control issues but are in noncompliance with State laws and regulations.



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

INTERMEDIATE SERVICE CENTER #4
SOUTH COOK

FINANCIAL AUDIT
 For the Year Ended: June 30, 2024

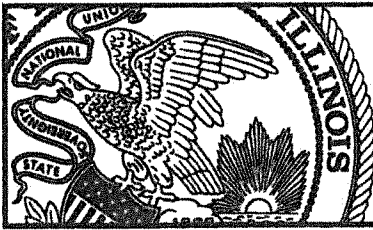
Release Date: February 19, 2025

FINDINGS THIS AUDIT: 2				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	New	Repeat	Total				
Category 1:	0	0	0				
Category 2:	1	0	1				
Category 3:	1	0	1				
TOTAL	2	0	2				
FINDINGS LAST AUDIT: 0							

SYNOPSIS

- (24-1) The Intermediate Service Center #4 had inadequate Controls over Grants Compliance.
- (24-2) The Intermediate Service Center #4 had uncollateralized and uninsured deposits.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and/or **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues** but are in **noncompliance** with federal and/or State laws and regulations.



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #3
BOND, CHRISTIAN, EFFINGHAM, FAYETTE, AND MONTGOMERY
COUNTIES

FINANCIAL AUDIT (In Accordance with the
 Uniform Guidance)
 For the Year Ended: June 30, 2024

Release Date: January 22, 2025

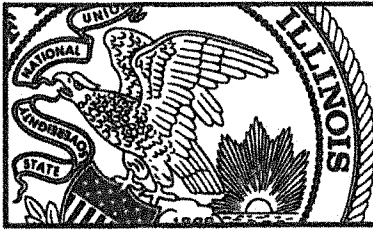
FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS				
				Repeated Since	Category 1	Category 2	Category 3	No Repeat Findings
	<u>New</u>	<u>Repeat</u>	<u>Total</u>					
Category 1:	0	0	0					
Category 2:	1	0	1					
Category 3:	0	0	0					
TOTAL	1	0	1					
FINDINGS LAST AUDIT: 1								

SYNOPSIS

- (24-1) The Regional Office of Education #3 had inadequate controls over Grant Compliance.

JAN 22 2025

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
 Category 2: Findings that are **significant deficiencies** in internal control and/or **noncompliance** with State laws and regulations.
 Category 3: Findings that have **no internal control issues** but are in **noncompliance** with federal and/or State laws and regulations.



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #20
EDWARDS, GALLATIN, HAMILTON, HARDIN, POPE, SALINE, WABASH,
WAYNE, AND WHITE COUNTIES

FINANCIAL AUDIT
For the Year Ended: June 30, 2024

Release Date:
March 26, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	1

INTRODUCTION

Our report covers the financial audit for the period ending June 30, 2024.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #20's financial statements as of June 30, 2024 are fairly presented in all material respects.

This financial audit was conducted by the firm of Doehring, Winders & Co., LLP.

Handwritten signature of Joe Butcher in black ink.

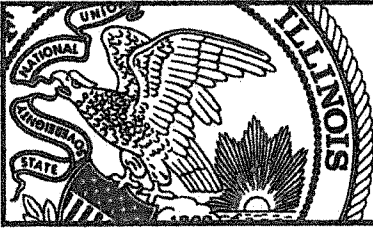
JOE BUTCHER
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

Handwritten signature of Frank J. Mautino in black ink.

FRANK J. MAUTINO
Auditor General

FJM:JRB



STATE OF ILLINOIS
 OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #24
GRUNDY AND KENDALL COUNTIES

FINANCIAL AUDIT
 For the Year Ended: June 30, 2024

Release Date: January 22, 2025

FINDINGS THIS AUDIT: 1				AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	2023	24-1		
Category 1:	0	1	1				
Category 2:	0	0	0				
Category 3:	0	0	0				
TOTAL	0	1	1				
FINDINGS LAST AUDIT: 2							

SYNOPSIS

- (24-1) The Regional Office of Education #24 did not have sufficient internal controls over the financial reporting process.

JAN 22 2025

Category 1: Findings that are material weaknesses in internal control and/or a qualification on compliance with State laws and regulations (material noncompliance).
 Category 2: Findings that are significant deficiencies in internal control and/or noncompliance with State laws and regulations.
 Category 3: Findings that have no internal control issues but are in noncompliance with federal and/or State laws and regulations.



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #32
IROQUOIS AND KANKAKEE COUNTIES

FINANCIAL AUDIT (In Accordance with the
Uniform Guidance)
For the Year Ended: June 30, 2024

Release Date: March 5, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

INTRODUCTION

Our report covers the financial audit for the period ending June 30, 2024.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #32's financial statements as of June 30, 2024 are fairly presented in all material respects.

This financial audit was conducted by the firm of Roth & Company, LLP.

Handwritten signature of Joe Butcher in black ink.

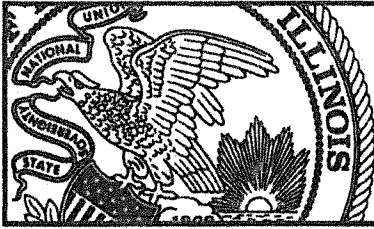
JOE BUTCHER
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

Handwritten signature of Frank J. Mautino in black ink.

FRANK J. MAUTINO
Auditor General

FJM:JRB



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #35
LASALLE, MARSHALL AND PUTNAM COUNTIES

**FINANCIAL AUDIT (In Accordance with the Uniform
Guidance)**
For the Year Ended: June 30, 2024

Release Date:
February 19, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

INTRODUCTION

Our report covers the financial audit for the period ending June 30, 2024.

AUDITORS' OPINION

Our auditors state the Regional Office of Education #35's financial statements as of June 30, 2024 are fairly presented in all material respects.

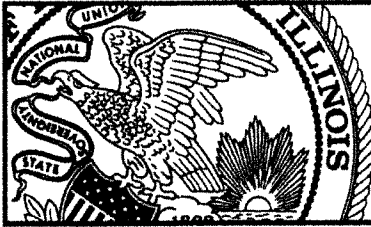
This financial audit was conducted by the firm of MCK CPAs & Advisors.

JOE BUTCHER
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

FRANK J. MAUTINO
Auditor General

FJM:BAO



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

REGIONAL OFFICE OF EDUCATION #41
MADISON COUNTY

FINANCIAL AUDIT
For the Year Ended: June 30, 2024

Release Date: April 9, 2025

FINDINGS THIS AUDIT:	0
FINDINGS LAST AUDIT:	0

INTRODUCTION

Our report covers the financial audit for the period ending June 30, 2024.

AUDITORS' OPINION

Our auditors state the Regional Office of Education 41's financial statements as of June 30, 2024 are fairly presented in all material respects.

This financial audit was conducted by the firm of GW & Associates PC.

Handwritten signature of Joe Butcher in black ink.

JOE BUTCHER
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

Handwritten signature of Frank J. Mautino in black ink.

FRANK J. MAUTINO

Legislative Audit Commission

Financial Statement for May, 2025

FROM APPROPRIATION FOR FY 2025

Voucher Number	Date	Purpose	Paid To	Account	Amount
69	5/15/2025	Salaries pay period 5/1/25-5/15/25	Employees	Personal Services Social Security Retirement, Employer	23,649.89 1,773.81 \$ 445.55
72	5/7/2025	BlueRoom Stream Services for May 2025	Advanced Digital Media Inc.	Telecommunications	\$ 275.00
73	5/7/2025	Transcription Services LAC Meeting 4-29-2	Vanan Online Service Inc	Contractual Services	\$ 214.20
74	5/21/2025	Salaries pay period 5/16/25-5/31/25	Employees	Personal Services Social Security Retirement, Employer	11,125.00 815.75 \$ 445.60
75	5/20/2025	Office Supplies	Office Essentials	Commodities	237.85
76	5/20/2025	Transcription Services LAC Meeting 5-13-2	Vanon Online Services Inc	Contractual Services	\$ 138.60
78	5/22/2025	Central Payroll and Mainframe Usage for NDOIT		Contractual Services	22.01
79	5/28/2025	Telephone Services for May	AT & T Corp	Telecommunications	\$ 59.42
80	5/29/2025	Office Supplies	Office Essentials	Commodities	\$ 102.09
81	5/29/2025	Kyocera TA3554 ci Copier	Watts Copy Systems	Equipment	7,452.00
TOTAL EXPENDED DURING MAY -----					<u><u>\$ 46,756.77</u></u>

Status of FY 2025 Appropriation at June 1, 2025

Expenditure Object	FY25 Appropriation	Expenditures		Balance
		May	YTD Total	
Personal Services	\$ 383,100.00	\$ 34,774.89	\$ 281,775.61	\$ 101,324.39
Retirement, Employer	\$ 15,300.00	\$ 891.15	\$ 10,739.95	\$ 4,560.05
Social Security	\$ 29,300.00	\$ 2,589.56	\$ 20,713.86	\$ 8,586.14
Contractual Services	\$ 28,700.00	\$ 374.81	\$ 3,686.57	\$ 25,013.43
Travel	\$ 8,500.00	\$ -	\$ -	\$ 8,500.00
Commodities	\$ 1,300.00	\$ 339.94	\$ 2,436.35	\$ (1,136.35)
Printing	\$ 1,400.00	\$ -	\$ -	\$ 1,400.00
Equipment	\$ 6,000.00	\$ 7,452.00	\$ 8,068.17	\$ (2,068.17)
Electronic Data Proc.	\$ -	\$ -	\$ -	\$ -
Telecommunications	\$ 1,400.00	\$ 334.42	\$ 1,531.54	\$ (131.54)
*Interest Prompt Paymt (Included in Lines A	\$ -	\$ -	\$ -	\$ -
TOTAL	<u><u>\$ 475,000.00</u></u>	<u><u>\$ 46,756.77</u></u>	<u><u>\$ 328,952.05</u></u>	<u><u>\$ 146,047.95</u></u>

Legislative Audit Commission

Financial Statement for June, 2025

FROM APPROPRIATION FOR FY 2025

Voucher Number	Date	Purpose	Paid To	Account	Amount
82	6/5/2025	Salaries Pay Period June6/1/25-6/15/25	Employees	Personal Services Social Security Retirement, Employer	\$ 11,125.00 815.75 445.60
83	6/4/2025	BlueRoom Stream Services for June 2025	Advanced Digital Midia Inc.	Contractual Services	275.00
84	6/10/2025	Payroll and Mainframe Usage for April	DOIT Technology Management	Contractual Services	25.89
85	6/12/2025	Search Services for the position of the State of Illinois Auditor General (Payment 1)	Pauly Group Inc.	Contractual Services	37,200.00
86	6/13/2025	Recycle charge for copier	Clay County Rehab Center	Contractual Services	27.20
87	6/20/2025	Salaries Pay Period June 16-30, 2025	Employees	Personal Services Social Security Retirement, Employer	11,125.00 815.75 445.60
88	6/23/2025	Drinking Water Services May	Waddell (Puritan Springs)	Contractual Services	13.23
89	6/23/2025	Samsung Smart LED-TV	MNJ Technologies Direct	Equipment	677.64
90	6/23/2025	Transcription Service for LAC 5-27-25 Meeting	Vanan Online Services Inc.	Contractual Services	210.00
91	6/24/2025	Payroll and Mainframe usage for May	DoIT	Contractual Services	25.12
92	6/30/2025	Telephone services for June	AT&T Corp	Telecommunications	58.06

TOTAL EXPENDED DURING JUNE -----

\$ 63,284.84

Status of FY 2025 Appropriation at July 1, 2025

Expenditure Object	FY25 Appropriation	Expenditures		Balance
		June	YTD Total	
Personal Services	\$ 383,100.00	\$ 22,250.00	\$ 304,025.61	\$ 79,074.39
Retirement, Employer	\$ 15,300.00	\$ 891.20	\$ 11,631.15	\$ 3,668.85
Social Security	\$ 29,300.00	\$ 1,631.50	\$ 22,345.36	\$ 6,954.64
Contractual Services	\$ 28,700.00	\$ 37,776.44	\$ 41,463.01	\$ (12,763.01)
Travel	\$ 8,500.00	\$ -	\$ -	\$ 8,500.00
Commodities	\$ 1,300.00	\$ -	\$ 2,436.35	\$ (1,136.35)
Printing	\$ 1,400.00	\$ -	\$ -	\$ 1,400.00
Equipment	\$ 6,000.00	\$ 677.64	\$ 8,745.81	\$ (2,745.81)
Electronic Data Proc.	\$ -	\$ -	\$ -	\$ -
Telecommunications	\$ 1,400.00	\$ 58.06	\$ 1,589.60	\$ (189.60)
Interest Prompt Paymt (Included in Lines Above)	\$ -	\$ -	\$ -	\$ -
TOTAL	<u><u>\$ 475,000.00</u></u>	<u><u>\$ 63,284.84</u></u>	<u><u>\$ 392,236.89</u></u>	<u><u>\$ 82,763.11</u></u>

State of Illinois

Legislative Audit Commission

Meeting Minutes May 27, 2025

The meeting lasted from 9:15 – 10:34 am

Members Present: Rose, Rita, Balkema, Ellman, Villanueva, Wilcox, Elik, Manley, Meier, and Moore

Staff Present: Jaimee Ray, Deanna Hannel, Joyce Smith

Participants:

- Department of Military Affairs: Major General Rodney Boyd – Adjutant General and Director, Major General Daniel McDonough, Brigadier General Lenny Williams, Kevin Little, and Mike Runkles
- Department of Natural Resources: Natalie Phelps Finnie – Director, Sam Strain, Ellen King, and Andrew Van Leer

The final agenda items passed unanimously with no objections:

Agenda:

- Department of Military Affairs FY21-22 Compliance Examination – Review #4580
- Department of Natural Resources FY21-22 Compliance Audit – Review #4581
- Consent Calendar
- Minutes from LAC Meeting on May 13, 2025
- Acknowledgement Report

M E M O R A N D U M

July 2025

TO: All Members of the Commission

FROM: Deanna Hannel, Audit Analyst

RE: Emergency Purchases, Third Quarter FY25

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 5 calendar 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 an affidavit with the Procurement Policy Board and the Auditor General to set forth the circumstances requiring the emergency purchases. The Code allows for quick purchases. 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.

There were 73 Emergency Purchase Affidavits that were filed with the Auditor General for the period of January 1, 2025 through March 31, 2025. Of those 73, 32 were new Emergency Purchase Affidavits, and 41 were revisions to prior Emergency Purchase Affidavits noting actual cost, updated cost, or time extension.

**Summary of ALL Emergency Purchase Transactions
January 1, 2025 through March 31, 2025**

	Purchases	Estimated/Updated Cost
State Appropriated Funding	27	\$ 16,523,430.84
Federal Funding	3	\$ 1,626,825.28
State Grant Funds	0	\$ -
State Appropriated Funds & State Grant Funds	0	\$ -
All Other Funding	2	\$ 1,407,589.00
Total	32	\$ 19,557,845.12

The table below includes 16 purchases that are estimated to exceed \$250,000. The table below breaks down those 16 by entity. Those are summarized on the following pages by the categories in the table above.

Counts of Greater than \$250,000 by Entity		
Department of Central Management Services	1	\$ 305,739.00
Department of Human Services	1	\$ 500,000.00
Department of Innovation and Technology	1	\$ 1,601,210.44
Department of Transportation	1	\$ 2,000,000.00
Capital Development Board	6	\$ 8,979,651.00
Illinois Finance Authority	2	\$ 1,424,463.00
Office of the State Fire Marshal	1	\$ 311,820.00
Illinois State University	1	\$ 1,300,000.00
University of Illinois- Chicago	2	\$ 1,350,000.00
Total Count of Greater than \$250,000	16	\$ 17,772,883.44

**State Appropriated Emergency Purchase Transactions
January 1, 2025 through March 31, 2025**

Counts of Greater than \$250,000 by Entity		
Code Departments		
Department of Central Management Services	1	\$ 305,739.00
Department of Human Services	1	\$ 500,000.00
Department of Innovation and Technology	1	\$ 1,601,210.44
Department of Transportation	1	\$ 2,000,000.00
Other Agencies		

Capital Development Board	6	\$	8,979,651.00
Office of the State Fire Marshal	1	\$	311,820.00
Universities			
University of Illinois - Chicago	2	\$	1,350,000.00
Total Count of Greater than \$250,000	13	\$	15,048,420.44

The table above includes 13 purchases that are estimated to exceed \$250,000. They are summarized as follows:

Illinois Department of Central Management Services

Estimated Cost - \$305,739 The vendor, D.E. Martin Roofing Co, Inc., will replace the entire roof of J0803, 10 E Collinsville, E. St. Louis, IL, the Kenneth Hall Region Office Building. During a small roof repair, they found additional damage that requires the entire membrane roof to be replaced. It is in danger of blowing away and exposing the building to damage.

Illinois Department of Human Services

Estimated Cost - \$500,000 The Ludeman campus closed its kitchen facilities 10 years ago as they were no longer suitable to safely meet the needs of the facility. A temporary kitchen was installed to service the residents. In mid-August 2024, a portion of the temporary kitchen's floor fell away and revealed unsafe black mold. The vendor, Nichols Enterprises, LLC, provided remediation services to the temporary kitchen trailer and rented a new temporary kitchen trailer to the facility. They will fully remediate the main, permanent kitchen.

Department of Innovation and Technology

Estimated Cost - \$1,601,210.44 The vendor, Ficek Electric & Communication Systems, Inc., will begin wiring the building 4800 West Wabash, Springfield. The wiring must be updated to Cat 6 to meet the State's needs. There are also multiple areas of damage in the wiring throughout the building that makes the outdated wiring inoperable. If these areas are not completed the agencies will not have an office to move into when their leases are expiring and will cause additional expenditure by the State and/or disruption of services.

Department of Transportation

Estimated Cost - \$2,000,000 The vendor, Kilian Corporation, will provide the necessary repairs to open back up the I-64 ramp that has been closed for several months. The vendor will provide material and installation for the modular expansion joints near and within the EB I-70 to I-64 ramp in St. Clair County.

Capital Development Board

Estimated Cost - \$545,000 The vendor, Berglund Construction Company, will provide services to the Façade Stabilization project at the Hotel Forence Annex. This includes emergency repairs to the south exterior masonry wall of the building, which is currently in severely deteriorated and potentially unstable condition. They will install shoring on the

interior of the building as needed to facilitate repairs to the load-bearing masonry wall and the adjacent building framing. Masonry repairs will include partial masonry wall reconstruction, brick replacement, repointing, steel lintel replacement, limestone window sill replacement, helical anchor installation and sealant replacement. Limited repairs to the building framing may include steel/cast iron painting at the framing locations, steel bearing plate replacement, isolated structural steel/cast iron repairs, and isolated concrete slabs repairs. Additional miscellaneous scope items include isolated roof repairs to mitigate a leak in the building.

Estimated Cost - \$715,125 The elevator at the Illinois State Police State Evidence Vault is in disrepair and will no longer operate as the Manufacturer intended. Due to the age of the equipment, parts are no longer available. The repairs and bypasses that have been made to keep the equipment operational are not safe for the staff to operate. The top floor at the Vault is used to store evidence that must be accessed without restriction 24 hours a day. The vendor, CAD Construction, Inc, will provide upgrades of the existing freight elevator unit including, but not limited to, the controller, cab, cables, supports and machine. Other items include electrical upgrade, new fire alarm recall controls as well as interface of access control.

Estimated Cost - \$611,606 CMS Springfield Regional Office Building is vulnerable to water damage caused from multiple leaks from the roofing system. The ballasted EPDM roof is at the end of its useful life. The vendor, Henson Robinson Company, will remove and replace approximately 32,000 square feet of ballasted roofing with a new fully adhered system including raising roof top equipment to accommodate the new roof thickness and replacing all attendant accessories.

Estimated Cost - \$3,652,920 The Union Theater, which comprises a large portion of the museum's attractions for the public, in the Abraham Lincoln Presidential Museum includes an automated rigging system that is 20 years old. This needs to be replaced as components of the system are beginning to fail. The automated rigging system capable of lifting and holding thousands of pounds of stage equipment (including lighting, scenery, and curtains) above the stage surface. The ETC system has multiple redundant life safety interlocks to ensure our use of rigging is safe. The ETC automated rigging system must be compatible with the lighting control system and will be able to be integrated into our current show control system as well as the show control system. The scope of work will remove old and install new rigging equipment along with programming and integration. Electrical work shall include removal of existing equipment and installing new power and data.

Estimated Cost - \$3,000,000 The Illinois Department of Corrections' existing steam-powered boiler system at Logan Correctional Center has become increasingly unreliable, failing to provide a consistent and sufficient supply of steam heat and energy throughout the facility. The vendor, P.J. Hoerr Inc., will provide a hybrid approach that includes the rental and/or purchase of a temporary boiler unit to replace the existing failing rental unit, and the installation of a permanent boiler in the power plant. The temporary boiler unit may require either the rental of water softeners or repairs to the facility's existing water

softeners, as well as the rental or purchase of fuel tanks. The installation of the permanent boiler will require the demolition of at least one of the facility's existing coal-fired boilers, the purchase and installation of a 30,000-gallon tank and integration with existing systems such as the water softener and a new deaeration tank. Additional steps will include the repair or replacement of existing hot water tanks, the continued rental of two propane hot water heaters until a permanent solution is established and the retention of the existing 500 HP propane summer boiler with necessary minor repairs.

Estimated Cost - \$455,000 The Administration Building A-1 at Manteno Veterans Home experienced a heating/hot water pipe leak causing extreme condensation throughout the entire building, resulting in walls buckling, ceilings dripping water, and walls covered with condensation. The entire building was filled with humidity and the crawlspace was flooded. Piping repairs have been made but there still remains the need for dehumidification and an assessment/recommendation for any further needs in order to allow for the building to be occupied. The vendor, Servpro of Kankakee, will provide dehumidification, selective demolition and mold remediation. They will also provide various repairs including drywall, insulation, ceiling, flooring, lighting, etc.

Office of the State Fire Marshal

Actual Cost - \$311,820 The vendor, Morrow Brothers Ford, met the request of 6 Sport Utility Vehicles, Hybrid or Flex Fuel, Midsize, 4 dr with the 2025 Ford Explorer Active 4dr 4x4(K8D). They are intended for staff Fire Field Inspectors that are currently being hired.

University of Illinois – Chicago

Estimated Cost - \$950,000 The vendor, MindPower/Staffing Team, Inc., provides temporary staffing for UIC and UI Health HR under a competitive solicitation RFP award #KRS128. The temporary employees provide clinical and non-clinical support in areas with staffing shortages, open positions or have been hired due to a critical, short-term need. The University is currently engaged with a new RFP process to secure outside agency vendors under RFP #PPA109. Temporary staffing services are requested until the competitive solicitation for RFP #PPA109 has been awarded and a fully executed contract is in place.

Estimated Cost - \$400,000 The vendor, Lucas James Talent Partners, provide critical recruitment support for Civil Service hiring. They will perform critical steps within the front-end part of the recruiting process for UIC from sourcing candidates, to minimum qualification review, to credentials assessment. They will pass on candidates to the HR/Internal Recruiting team.

**Federal Appropriated Funds Emergency Purchase Transactions
January 1, 2025 through March 31, 2025**

Counts of Greater than \$250,000 by Entity		Estimated/Updated Cost	
Other Departments			
Illinois Finance Authority	2	\$	1,424,463.00

Total Federal Funds	2	\$	1,424,463.00
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The table above includes two (2) purchase that was estimated to exceed \$250,000. They are summarized as follows:

Illinois Finance Authority

Estimated Cost - \$1,174,463 The IFA is implementing or supporting the implementation of various federal financial assistance programs that are intended to support energy efficiency and the development of clean energy resources. Ambitious state decarbonization goals and anticipated changes in policy priorities at the federal level have advanced implementation timelines for these programs from months to weeks, and expediting project implementation with this vendor, Climate Infrastructure Group, is essential to preserve the state's access to over \$800 million in federal funding. Accelerating these programs on an aggressive timetable will support the investment of federal funds in critical clean energy projects.

Estimated Cost - \$250,000 The IFA is implementing or supporting the implementation of various federal financial assistance programs that are intended to support energy efficiency and the development of clean energy resources. The vendor, Baker Tilly US, LLP., will provide comprehensive strategic advice relating to deployment of available federal funds to support state and local clean energy infrastructure projects and support for compliance with the requirements of the IRA Federal Credits and other IRA clean energy programs.

Other Funded Emergency Purchase Transactions
January 1, 2025 through March 31, 2025

Counts of Greater than \$250,000 by Entity		Estimated/Updated Cost	
Higher Education			
Illinois State University	1	\$	1,300,000.00
Total Count of Greater than \$250,000			
	1	\$	1,300,000.00

The table above includes one (1) purchase that is estimated to exceed \$250,000. It is summarized as follows:

Illinois State University

Estimated Cost - \$1,300,000 The vendor, Core Construction, will replace all the concrete stairs and landings in both stair towers of the School St. Parking deck. They will also perform any necessary repairs to existing steel stringers and supports, new lighting, connecting conduit and wire, repair and patch steel splice plates where needed on pre-cast wall panels along with several other tasks.