

ILLINOIS STATE UNIVERSITY
(A Component Unit of the State of Illinois)

State Compliance Examination Report
For the Year Ended June 30, 2025

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

Illinois State University
(A Component Unit of the State of Illinois)
State Compliance Examination
For the Year Ended June 30, 2025

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Illinois State University
(A Component Unit of the State of Illinois)
State Compliance Examination
For the Year Ended June 30, 2025

University Officials

President

Dr. Aondover Tarhule

Vice President for Finance and Planning (01/06/25 – present)

Dr. Glen Nelson

Vice President for Finance and Planning (01/01/25 – 01/05/25)

Vacant

Interim Vice President for Finance and Planning (07/01/24 – 12/31/24)

Mr. Dan Petree

Vice President for Academic Affairs and Provost

Dr. Ani Yazedjian

Vice President for Student Affairs

Dr. Levester Johnson

Vice President for University Advancement

Mr. Pat Vickerman

Comptroller (12/02/24 – present)

Mr. Carlos Garcia

Comptroller (07/01/24 – 12/31/24)

Mr. Doug Schnittker

Legal Counsel

Ms. Jeannie Barrett

Director – Internal Audit

Mr. Robert Blemler

Officers of the Board of Trustees

Chair of the Board

Dr. Kathryn Bohn

Secretary of the Board

Dr. Robert Navarro

Members of the Board of Trustees

Member

Dr. Kathryn Bohn

Member

Dr. Robert Navarro

Member (05/02/25 – present)

Ms. Julie Hoeniges

Member (02/22/25 – 05/01/25)

Vacant

Member (07/01/24 – 02/21/25)

Ms. Julie Annette Jones

Member (08/01/25 – present)

Mr. Kris Lutt

Member (07/26/25 – 07/31/25)

Vacant

Member (07/01/24 – 07/25/25)

Mr. Scott Jenkins

Member

Dr. Lia Merminga

Member (06/06/25 – present)

Mr. Doug Peterson

Member (07/01/24 – 06/05/25)

Vacant

Member

Mr. Darren Tillis

Student Member

Mr. Ryan Russell

Office Location

The University's primary administrative offices are located at:

Hovey Hall

Campus Box 1100

Normal, Illinois 61790-1100



**ILLINOIS STATE
UNIVERSITY**
Illinois' first public university

March 10, 2026

Forvis Mazars, LLP
225 North Water Street, Suite 400
Decatur, IL 62523

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the Illinois State University. We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Illinois State University's compliance with the following specified requirements during the one-year period ended June 30, 2025. Based on this evaluation, we assert that during the year ended June 30, 2025 the Illinois State University has materially complied with the specified requirements listed below.

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

Yours truly,

Illinois State University

SIGNED ORIGINAL ON FILE

Dr. Aondover Tarhule, University President

SIGNED ORIGINAL ON FILE

Dr. Glen Nelson, Vice President Finance and Planning

SIGNED ORIGINAL ON FILE

Mr. Jeannie Barrett, General Counsel

Vice President for Finance and Planning

302 Hovey Hall

Campus Box 1100

Normal, IL 61790-1100

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Illinois State University
 (A Component Unit of the State of Illinois)
State Compliance Examination
For the Year Ended June 30, 2025

State Compliance Report

Summary

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)*.

Accountant's Report

The Independent Accountant's Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

Summary of Findings

| Number of | Current Report | Prior Report |
|---|----------------|--------------|
| Findings | 14 | 13 |
| Repeated findings | 12 | 10 |
| Prior recommendations implemented or not repeated | 1 | 1 |

Schedule of Findings

| Item No. | Page | Last/First Reported | Description | Finding Type |
|-------------------------|------|---------------------|---|--|
| Current Findings | | | | |
| 2025-001 | 9 | 2024/2018 | Information Security Weaknesses | Material Weakness and Material Noncompliance |
| 2025-002 | 11 | 2024/2023 | Lack of Adequate Controls over the Review of Internal Controls over Service Providers | Material Weakness and Material Noncompliance |
| 2025-003 | 13 | 2024/2023 | Weaknesses in Change Control | Material Weakness and Material Noncompliance |
| 2025-004 | 14 | New | Errors in Reporting for NSLDS | Significant Deficiency and Noncompliance |
| 2025-005 | 16 | 2024/2019 | Weakness in Cybersecurity Programs and Practices | Significant Deficiency and Noncompliance |

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| Item No. | Page | Last/First Reported | Description | Finding Type |
|------------------------------------|-------------|----------------------------|---|--|
| 2025-006 | 18 | 2024/2019 | Inadequate Business Continuity and Disaster Recovery Planning | Significant Deficiency and Noncompliance |
| 2025-007 | 20 | 2024/2021 | Failure to Run the Illinois Institute for Entrepreneurship Education | Significant Deficiency and Noncompliance |
| 2025-008 | 21 | 2024/2019 | Inadequate Control over Training | Significant Deficiency and Noncompliance |
| 2025-009 | 23 | 2024/2012 | Noncompliance with the University Faculty Research and Consulting Act | Significant Deficiency and Noncompliance |
| 2025-010 | 25 | 2024/2005 | Noncompliance with the State Officials and Employees Ethics Act | Significant Deficiency and Noncompliance |
| 2025-011 | 26 | 2024/2023 | Inadequate Control over Voucher Processing | Significant Deficiency and Noncompliance |
| 2025-012 | 28 | 2024/2024 | Noncompliance with University Guidelines | Significant Deficiency and Noncompliance |
| 2025-013 | 29 | New | Inadequate Controls over Census Data | Significant Deficiency and Noncompliance |
| 2025-014 | 32 | 2024/2024 | Noncompliance with the Credit Card Marketing Act | Significant Deficiency and Noncompliance |
| Prior Findings Not Repeated | | | | |
| A | 33 | 2024/2024 | Noncompliance with the State Comptroller's Act | |

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Exit Conference

Findings 2025-001 through 2025-003 and their associated recommendations appearing in this report were discussed with University personnel at an exit conference on November 13, 2025.

Attending were:

Illinois State University

| | |
|-----------------|--|
| Dr. Glen Nelson | Vice President for Finance and Planning |
| Carlos Garcia | Comptroller |
| Erika Jones | Assistant Comptroller |
| Emily Duffield | Chief Accountant |
| Rob Blemler | Director – Internal Auditing and University Ethics Officer |

Office of the Auditor General

| | |
|------------------|----------------------|
| Thomas Kizziah | Senior Audit Manager |
| Reddy Bommareddi | Senior Audit Manager |

Forvis Mazars, LLP

| | |
|----------------|---------|
| Heather Powell | Partner |
|----------------|---------|

The responses to those recommendations were provided by Ms. Erika Jones, Assistant Comptroller, in a correspondence dated November 6, 2025.

Finding 2025-004 and its recommendation appearing in this report were discussed with University personnel at an exit conference on February 5, 2026.

Attending were:

Illinois State University

| | |
|-----------------|--|
| Dr. Glen Nelson | Vice President for Finance and Planning |
| Erika Jones | Assistant Comptroller |
| Rob Blemler | Director – Internal Auditing and University Ethics Officer |

Office of the Auditor General

| | |
|------------------|----------------------|
| Reddy Bommareddi | Senior Audit Manager |
|------------------|----------------------|

Forvis Mazars, LLP

| | |
|----------------|---------|
| Heather Powell | Partner |
|----------------|---------|

The response to this recommendation was provided by Ms. Erika Jones, Assistant Comptroller, in a correspondence dated February 6, 2026.

The University waived an exit conference pertaining to Findings 2025-005 through 2025-014, in a correspondence from Ms. Erika Jones, Assistant Comptroller, on February 16, 2026. The responses to the recommendations were provided by Ms. Erika Jones, Assistant Comptroller, on February 23, 2026.

Independent Accountant's Report on State Compliance and on Internal Control over Compliance

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois State University

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Illinois State University (University) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the year ended June 30, 2025. Management of the University is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the University's compliance with the specified requirements based on our examination.

The specified requirements are:

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

Honorable Frank J. Mautino
Auditor General

and

Board of Trustees
Illinois State University

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

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

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

Our examination disclosed material noncompliance with the following specified requirements applicable to the University during the year ended June 30, 2025. As described in the accompanying Schedule of Findings as items 2025-001 through 2025-003, the University had not complied, in all material respects with the applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the University complied with the specified requirements during the year ended June 30, 2025, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2025-004 through 2025-014.

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

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

Report on Internal Control Over Compliance

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

Honorable Frank J. Mautino
Auditor General

and

Board of Trustees
Illinois State University

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2025-001 through 2025-003 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2025-004 through 2025-014 to be significant deficiencies.

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

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

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

SIGNED ORIGINAL ON FILE

**Decatur, Illinois
March 10, 2026**

Illinois State University
(A Component Unit of the State of Illinois)
Schedule of Findings
Summary of Auditor's Results
For the Year Ended June 30, 2025

Current Findings – Government Auditing Standards

Finding 2025-001 Information Security Weaknesses

The Illinois State University (University) had multiple computer security weaknesses.

The University relies on its computing environment for maintaining several critical, sensitive, and/or confidential systems used to meet its mission.

During testing of University information technology controls, we noted the University:

- Had not fully developed access provisioning policies documenting the internal controls for all environments and applications.
- Had not fully developed a policy documenting requirements for an annual review of users' access.
- Had not fully developed a policy documenting the review of security violation reports to ensure remediation is timely conducted.

In order to determine if proper security controls had been implemented across the University's environment, we requested a population of servers. Although the University provided a population, documentation demonstrating its completeness and accuracy was not provided. Due to these conditions, we were unable to conclude the Office's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AT-C § 205). Even given the population limitations, we tested the population of servers, noting the University could not provide documentation demonstrating the antivirus and operating system were running the vendors' latest versions.

In addition, our testing noted the University had not ensured all security operations were properly configured.

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 and Configuration Management sections require entities to maintain proper internal controls over access and security of their environment, applications and data.

Also, 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 officials indicated the IT functions and resources are highly distributed across the institution which require considerably more time to change and improve. University officials also indicated IT is limited in capacity to fully organize the remediation efforts within the portfolio of work efforts required of IT across the institution.

Inadequate controls over changes to the University's environment, applications and data could lead to unauthorized access, unauthorized changes and security risks to its environments, applications and related data. Also, due to the severity of the weaknesses noted, we were unable to rely upon the general IT controls over the environments and applications. (Finding Code No. 2025-001, 2024-001, 2023-001, 2022-002, 2021-002, 2020-003, 2019-001, 2018-002)

Illinois State University
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Finding 2025-001 Information Security Weaknesses (continued)

Recommendation

We recommend the University implement adequate security, including approving the updated policies and procedures to (1) reflect the University's current environment and (2) address future changes in processes and new systems.

Additionally, we recommend the University strengthen its controls to maintain a complete and accurate population of servers, update their servers with the vendors' latest versions of antivirus and operating systems, and ensure all security operations are properly configured.

University Response

The University agrees with the observations reported in this finding.

To directly address this root cause, the University initiated an organizational realignment. Effective June 11, 2025, the Chief Information Security Officer (CISO) reporting line was moved to the Vice President of Finance and Planning to elevate the priority of institutional governance, risk, and compliance. Furthermore, on July 25, 2025, the Board of Trustees formally designated the CISO as the "Qualified Individual" (QI) for the University's information security program.

These foundational changes provide the necessary authority and prioritization to complete the corrective action plan. The University expects the results of this plan to be evident within the FY26 audit review period. Specific progress at the time of response includes:

- **Policy Development:** The policies identified in the finding (including access provisioning, annual user access reviews, and security violation reporting) are in the drafting and socialization phase. With the CISO's new authority, these are targeted for formal approval within Fiscal Year 2026 (FY26).
- **Asset & Configuration Management:** The University has matured and validated its automated asset inventory process using our advanced Extended Detection and Response (XDR) solution. This addresses the auditors' concerns regarding a complete server population and provides documented data on security configurations.
- **Security Standards:** To address configuration, patching, and operating system weaknesses, the University has developed and implemented new standards for patch management, vulnerability management, local administrator restrictions, and user account management. Additional standards for remote access, privileged access, and device threat protection are also in development.

Illinois State University
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Finding 2025-002 Lack of Adequate Controls over the Review of Internal Controls over Service Providers

The Illinois State University (University) did not implement adequate internal controls over its service providers.

We requested the University provide a population of their service providers utilized in order to determine if the University had reviewed the internal controls of its service providers. However, the University was not able to provide such a population. Additionally, we noted the University had not fully developed policies and procedures to ensure their due diligence and monitoring of their service providers. Furthermore, the University did not obtain System and Organization Control (SOC) reports to ensure the internal controls at the service providers had been implemented and were operating effectively. Finally, the University had not conducted a review of the Complementary User Entity Controls (CUEC) and the University's related controls.

Due to these conditions, we were unable to determine if the internal controls of the service providers were adequate, and we were required to perform alternative procedures.

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.

Also, 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 leadership did not have sufficient time to fully develop and implement the current strategy for holistic service provider management before the end of the fiscal year. As a result, the various functions related to service provider oversight remain distributed across multiple departments. As of June 30, 2025, the university continued to develop a comprehensive strategy and framework to analyze and manage its service provider population. A draft policy was created to establish this framework and define the necessary roles and responsibilities for effective management; however, this process was not completed prior to June 30, 2025.

Without having obtained and reviewed SOC reports or another form of independent internal control review, the University does not have assurance the service providers' internal controls are adequate and operating effectively. (Finding Code No. 2025-002, 2024-002, 2023-002)

Recommendation

We recommend the University implement controls to maintain a list of all of their service providers and determine and document if a review of the service providers' internal controls were performed, if required.

Illinois State University
(A Component Unit of the State of Illinois)
Schedule of Findings
Summary of Auditor's Results
For the Year Ended June 30, 2025

Finding 2025-002 Lack of Adequate Controls over the Review of Internal Controls over Service Providers (continued)

Additionally, we recommend the University:

- Obtain SOC reports or perform independent reviews of internal controls for all service providers.
- Monitor and document the operation of the CUECs relevant to the University's operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the University, and any compensating controls.

University Response

The University acknowledges and agrees with the auditor's findings and recommendations to implement controls to maintain a list of all its service providers. We agree that the absence of a robust framework for service provider oversight can expose the organization to potential risks, including operational inefficiencies, compliance issues, and security vulnerabilities.

The University remains committed to addressing this gap and continues its efforts to:

- Complete and fully implement the policy (currently in draft version) that provides a framework for managing the lifecycle of vendor relationships and provide context for University's procedures that outline specific systems and guidelines for vendor management.
- Establish controls for vendor selection and risk evaluation process.
- Strengthen ongoing monitoring and performance reviews of service providers including obtaining, documenting, and reviewing SOC reports to identify risk and action plans to minimize risks and address any control deficiencies.
- Ensure regular audits and assessments of service providers to mitigate risks and ensure alignment with organizational objectives and regulatory requirements.

Illinois State University
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Finding 2025-003 Weaknesses in Change Control

The Illinois State University (University) did not maintain adequate internal controls over changes to its environment, applications and data.

The University had not fully developed a change management policy documenting the internal controls over changes to its environment, applications and data. In addition, the University had not fully implemented a formal Change Management Board.

Further, the approval for changes, including emergency changes, prior to being implemented into production was not maintained.

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), Configuration Management section, require entities to maintain proper internal controls over the changes to the environment, applications and data.

Also, 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 officials indicated that the lack of a unifying and fully approved policy continues to be the cause of the noted gaps. A draft policy was developed but was not fully reviewed and implemented prior to June 30, 2025.

Inadequate controls over changes to the University's environment, applications and data could lead to unauthorized access, unauthorized changes and security risks to its environments, applications and related data. Also, due to the severity of the weaknesses noted, we were unable to rely upon the general IT control over the environments and applications. (Finding Code No. 2025-003, 2024-003, 2023-003)

Recommendation

We recommend the University implement adequate policies and procedures over changes to the University's environment, applications and data. We also recommend the University maintain documentation that changes are properly approved prior to implementation.

University Response

The University acknowledges and agrees with the auditor's findings and recommendations for a university-wide policy governing changes in systems regardless of system ownership. While there were documented procedures and controls as well as a governing body that meets weekly to review and approve changes in systems owned by central IT, there is a need for a formal policy and to ensure consistency across campus. A draft policy was finalized prior to June 30th, 2025, and is currently being reviewed for adoption in fiscal year 2026.

Procedures have been modified to ensure that all emergency changes are finalized and recorded in the Information Technology Service Management software.

Illinois State University
(A Component Unit of the State of Illinois)
Schedule of Findings
Summary of Auditor’s Results
For the Year Ended June 30, 2025

Current Findings

Finding 2025-004 Errors in Reporting for NSLDS

| | |
|----------------------------|---|
| Federal Agency: | U.S. Department of Education |
| Assistance Listing Number: | 84.007; 84.063; 84.268 |
| Cluster Name: | Student Financial Assistance Cluster |
| Program Names: | Federal Supplemental Education Opportunity Grants; Federal Pell Grant Program; Federal Direct Student Loans |
| Award Numbers: | N/A; Federal Award Year 2024-2025 |
| Questioned Cost: | None |
| Program Expenditures: | \$768,137; \$45,573,205; \$87,147,867 |
| Cluster Expenditures: | \$137,694,385 |

The Illinois State University (University) did not accurately report student enrollment information to the U.S. Department of Education’s National Student Loan Data System (NSLDS) and internal controls in place did not identify the errors.

Condition

Out of twenty-five students tested, we noted fourteen students’ (56%) enrollment status changes had discrepancies in Enrollment Effective Dates between the NSLDS Campus-Level Record and the NSLDS Program-Level Record, with the NSLDS Program-Level Record dates being inaccurate by 17 days. The sample was not intended to be, and was not, a statistically valid sample.

Criteria

According to the NSLDS Enrollment Reporting Guide, a student’s Program-Level enrollment status should be reported with the same enrollment status as student’s Campus-Level enrollment status for all programs the student is enrolled in at a location, even if the student is not currently taking coursework which 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 the program, even if the student is still taking coursework applicable to other programs in which the student is enrolled. The NSLDS Enrollment Reporting Guide also states the University is responsible for accurately reporting all Program-Level Record and Campus-Level Record data elements.

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 statutes, regulations, and terms and conditions of the federal award. Effective internal controls should include procedures to ensure accurate student enrollment information is submitted to NSLDS.

Cause

University management indicated the failure to report accurate enrollment information was due to a technical error in the University’s process to transfer data to NSLDS.

Effect

Failure to accurately report Campus-Level student enrollment information to NSLDS resulted in noncompliance with federal guidelines and inaccurate NSLDS records. (Finding Code No. 2025-004)

Illinois State University
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Summary of Auditor's Results
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Finding 2025-004 Errors in Reporting for NSLDS (continued)

Recommendation

We recommend the University review current processes for reporting to NSLDS and implement procedures to ensure student enrollment information is reported accurately.

University Response

The University acknowledges the above finding. The identified issue was isolated and only impacted fall graduates. This issue was fully addressed when the university filed its fall 2025 enrollment reporting. The university has conducted an internal audit to identify students that were reported incorrectly and has manually updated files to ensure dates were properly reflected. At current state, internal monitoring and manual edits are made if discrepancies appear. It is expected that the Enterprise Resource Planning System will launch an automatic fix for this issue in a software update for all users in the first quarter of calendar year 2026. Should the software issue not result in an automation of the fix, the University plans to continue the manual edits, then customize the NSLDS reporting logic to ensure continued future alignment.

Illinois State University
(A Component Unit of the State of Illinois)
Schedule of Findings
Summary of Auditor's Results
For the Year Ended June 30, 2025

Finding 2025-005. Finding – Weakness in Cybersecurity Programs and Practices

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

The University utilizes various applications which contain a significant amount of critical and confidential data, such as names, addresses, Social Security numbers, banking information, etc.

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

- Developed policies regarding configuration management, system development, employee training, onboarding, and backup verification and offsite storage.
- Formally reviewed the Policy on Appropriate Use of Information Technology Resources and Systems (Appropriate Use Policy) since 2011.
- Conducted a comprehensive risk assessment or implemented risk reducing controls within the examination period.
- Formally approved their revised Data Classification Policy.
- Classified their data in accordance with the data classification methodology.
- Developed a comprehensive cybersecurity plan.

It was also noted the University could not provide a population of vulnerabilities identified during the examination period.

This finding was first identified in the June 30, 2019, Compliance Examination. Since then, the University has not implemented corrective actions.

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

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

University officials stated work has begun addressing the items outlined in the finding, however they have not been completed as approvals are still in process as of June 30, 2025, due to competing priorities.

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Finding 2025-005. Finding – Weakness in Cybersecurity Programs and Practices (continued)

The lack of an adequate cybersecurity program and adequate cybersecurity practices could result in unidentified risks and vulnerabilities, which could ultimately lead to the University's confidential and personal information being susceptible to cyberattacks and unauthorized disclosure. (Finding Code No. 2025-005, 2024-004, 2023-005, 2022-004, 2021-003, 2020-007, 2019-005)

Recommendation

We recommend the University:

- Develop policies regarding configuration management, system development, employee training, onboarding, and backup verification and offsite storage.
- Conduct a comprehensive risk assessment and implement risk reducing controls.
- Review the Appropriate Use Policy at least annually.
- Formally approve the revised Data Classification Policy.
- Classify their data in accordance with the data classification methodology.
- Develop a comprehensive cybersecurity plan.
- Strengthen controls to identify the population of vulnerabilities.

University Response

The University acknowledges the weaknesses, underlying causes, and potential risks outlined in this finding, and agrees that the statements are accurate and relevant for the audit review period. The University is committed to maintaining a reasonable and effective cybersecurity program appropriate to the risk profile of a comprehensive public university and grounded in sound industry practice.

Since the close of the audit period, the University has made significant governance and programmatic advances. In July 2025, the Board of Trustees formally designated the Chief Information Security Officer as Qualified Individual under the Gramm Leach Bliley Act Safeguards Rule, establishing board-level accountability for the University's information security program and annual reporting on program status, material risks, and implemented safeguards. The University has also finalized a comprehensive cybersecurity plan, strengthened vulnerability identification and tracking controls, and advanced the Data Classification Procedure under its Data Governance Framework to final stages of approval. The Policy on Appropriate Use of Information Technology Resources and Systems has undergone substantial revision through the shared governance process over the past two years, with a vote to formally implement the modernized policy anticipated in March 2026.

Work continues on formalizing policies governing configuration management, system development, onboarding, and backup verification, efforts largely intended to codify practices that have been operational for some time. A comprehensive institutional risk assessment is also in the planning stages. The University recognizes the long-standing nature of this finding and remains committed to demonstrating sustained, measurable progress.

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Finding 2025-006. Finding – Inadequate Business Continuity and Disaster Recovery Planning

The Illinois State University (University) needs to improve its business continuity and disaster recovery planning process.

The University relies on its computing environment for maintaining several critical, financially sensitive, and/or confidential systems used to meet the University's needs.

During testing, we noted:

- The University's business continuity plan did not define specific departmental procedures, recovery point objectives, and recovery time objectives. Additionally, the University had not conducted testing of the business continuity plan.
- The University did not ensure all administrative units had developed and tested disaster contingency plans.

This finding was first identified in the June 30, 2019, Compliance Examination. Since then, the University has not fully implemented corrective actions.

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 administration controls to provide assurance that University property and resources are safeguarded against waste, loss, unauthorized use, and misappropriation. Further the *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Contingency Planning section, requires entities to develop and document a business continuity plan addressing roles, responsibilities, and coordination among entities, keep the plan up to date, and test the plan.

University officials indicated given both the University's decentralized structure where various units across the campus establish their individual business continuity and disaster recovery plans with the coordination of these plans into one overall plan set by the University's Emergency Management Department and the shared governance process, additional time and resources will be needed to correct these long-standing problems.

Inadequate business continuity and disaster recovery practices could result in the University not being able to continue its operations and timely recover its environment, applications, and data in the event of a disaster. (Finding Code No. 2025-006, 2024-005, 2023-006, 2022-005, 2021-004, 2020-008, 2019-006)

Recommendation

We recommend the University continue working on establishing adequate and tested contingency plans to ensure all critical operations can be recovered within the required timeframe. At a minimum, the plans should reflect the current environment, identify a prioritized list of critical applications and minimum recovery times, outline recovery team responsibilities and contact information, and discuss alternative recovery locations and off-site storage facilities.

In addition, we recommend the plan be tested annually and updated where necessary based upon the test results.

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Finding 2025-006. Finding – Inadequate Business Continuity and Disaster Recovery Planning (continued)

University Response

The University agrees. Since the audit finding dated June 30, 2025, the University has taken significant steps to address gaps in continuity planning. The University's approach emphasizes comprehensive continuity planning, which is broader than traditional business continuity and focuses on maintaining essential functions during disruptions. The Emergency Management Department is coordinating this effort by guiding campus departments in developing their own continuity plans. Disaster recovery planning, while related, is managed separately by Information Technology as a parallel process. There is no single consolidated continuity plan; instead, the University Continuity Program provides a framework and oversight to ensure departmental plans are developed, tested, and aligned with institutional objectives. The University Continuity Steering Team meets quarterly to monitor progress, support program rollout, and ensure alignment with audit requirements. The University remains committed to ensuring all departmental continuity plans are completed and aligned with institutional objectives to meet compliance and strengthen resilience.

- **Key action items completed since June 30, 2025, include:**
 - **Program Establishment**
 - Created and implemented the University Continuity Program.
 - Established the University Continuity Steering Team for oversight and coordination.
 - **Training & Exercises**
 - Conducted four tabletop exercises with campus department representatives to introduce continuity concepts and discuss potential impact scenarios.
 - Delivered four three-hour training workshops with campus department representatives over two days to:
 - Demonstrate navigation of the continuity platform.
 - Highlight key components required in departmental continuity plans.
 - Begin initial steps in plan development.
- **Planned actions and timeline:**
 - **December 4, 2025 – June 30, 2026**
 - Departments will continue working through continuity plan development.
 - Conduct a second training workshop in March 2026 to support next steps.
 - Conduct a third training workshop in June 2026 for further plan development.
 - **July 1, 2026 – June 30, 2027**
 - Support departments in completing continuity plans.
 - Steering Team will review completed plans.
 - Present finalized plans to university leadership by Spring 2027.

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Finding 2025-007. Finding – Failure to Run the Illinois Institute for Entrepreneurship Education

The Illinois State University (University) did not run the Illinois Institute for Entrepreneurship Education (IIEE).

During testing, we noted that University transferred the IIEE to the Chicago State University (CSU) during Fiscal Year 2011.

The Illinois State University Law (110 ILCS 675/20-115) requires the University run the IIEE to “foster the growth and development of entrepreneurship education in the State of Illinois” and to “help remedy the deficiencies in the preparation of entrepreneurship education teachers, increase the quality and quantity of entrepreneurship education programs, improve instructional materials, and prepare personnel to serve as leaders and consultants in the field of entrepreneurship education and economic development.”

This finding was first identified in the June 30, 2021, Compliance Examination. Since then, the University has not fully implemented corrective actions.

University officials state they came to an agreement with CSU to develop and plan the IIEE. To date, the Board of Trustees of the University and the Board of Trustees of CSU have been unable to enact a change in legislation to reflect this change in responsibility.

Failure to run the IIEE limits the ability of the University’s students who become teachers from learning about entrepreneurship education, limits the ability of those teachers to teach their future students about entrepreneurship, and represents noncompliance with State law. (Finding Code No. 2025-007, 2024-006, 2023-007, 2022-007, 2021-007)

Recommendation

We recommend the University run the IIEE or seek legislative remedy with CSU to formally transfer the IIEE to CSU.

University Response

The University agrees with the auditors’ finding and recommendation and will continue to seek legislative support to eliminate this law.

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Finding 2025-008. Finding – Inadequate Control over Training

The Illinois State University (University) did not consistently ensure its employees completed statutory training requirements.

During testing of 40 employees, we noted 2 (5%) new hires within the employee sample had not completed their initial ethics training and harassment and discrimination prevention training.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-10(c)) requires new employees to complete their initial ethics training within 30 days after commencing employment. Further, the Act (5 ILCS 430/5-10.5(a-5)) requires new employees to complete their initial harassment and discrimination prevention training within 30 days after commencing employment.

University officials stated failure to complete the training was due to the lack of a system to enforce employee compliance for all training courses and employment classifications, as well as oversight by employees and direct supervisors.

Further, this finding was first noted during the University's Fiscal Year 2019 State Compliance Examination. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

Good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

Failure to ensure employees timely complete ethics and harassment and discrimination prevention training represents noncompliance with the Act, may hinder efforts to increase awareness of ethics laws and harassment and discrimination prevention, and could result in employees being unaware of their responsibilities. (Finding Code No. 2025-008, 2024-007, 2023-008, 2022-009, 2021-009, 2020-010, 2019-007)

Recommendation

We recommend the University implement controls to provide assurance employees timely complete training in accordance with applicable State law and retain evidence of their completion of mandated training events.

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Finding 2025-008. Finding – Inadequate Control over Training (continued)

University Response

The University agrees. The University trained over 8,500 employees in calendar year 2025 for the Ethics and Harassment and Harassment and Discrimination Prevention Training. These training courses for Annual and New Hire training cover all employee classifications at the University, which includes part-time and seasonal employees such as student-workers, extra-help, and substitute teachers at the lab schools. In an effort to maintain an effective and efficient training system, the University utilizes an online learning management system to train all employees for both the Annual and New Hire training courses. The University works to ensure employees complete the required training courses by sending weekly email reminders to the employee and their supervisors for employees who have not completed the required training courses. The University Ethics Office also notifies Human Resources and departmental management to ensure employees complete the required training courses. The University has procedures in place to train employees and maintain an effective and efficient training system in compliance with the applicable requirements. The University will continue to work to ensure employees are trained timely and in compliance with applicable training requirements.

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Finding 2025-009. Finding – Noncompliance with the University Faculty Research and Consulting Act

The Illinois State University (University) did not always ensure compliance with the University Faculty Research and Consulting Act and University policies regarding outside employment.

During Fiscal Year 2025, faculty members reported 93 instances of outside employment to the University Provost.

During testing of 93 instances, the auditors noted the following:

- 31 (33%) instances had the Request for Approval of Secondary/Outside Employment Form (Form PERS 927) submitted by the faculty member for approval by the University's Provost between 3 to 399 days late.
- 37 (40%) instances had Form PERS 927 approved by the University's Provost between 1 to 422 days late.
- 10 (11%) instances did not have the Annual Report of Secondary/Outside Employment (PERS 928) submitted by the faculty member.
- 30 (32%) instances had the Form 928 submitted by the faculty member to the University's Provost approved between 2 to 30 days late.
- 12 (13%) instances where the employee did not complete a PERS 927 Form.

Further, this finding was first noted during the University's Fiscal Year 2012 State compliance examination. As such University management has been unsuccessful in implementing a corrective action plan to remedy these deficiencies.

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

- 1) has submitted a request to the University President, or designee, which includes an estimate of the amount of time involved;
- 2) received the prior written approval of the University President, or designee, to perform the outside research or consulting services; and,
- 3) submits to the University President, or designee, an annual statement of the amount of time actually spent on outside research or consulting services.

The University President has designated the University's Provost as his designee for approvals and recordkeeping.

In accordance with University Policy 3.3.7, all forms of secondary/outside employment by a faculty member require the prior written approval of Form PERS 927 from the faculty member's department chairperson, dean, and the University Provost before the faculty member can accept outside employment. Further, the instructions for the Form PERS 928 require faculty members with secondary/outside employment submit the Form PERS 928 "no later than August 31 of the following fiscal year for timely routing to the Office of the Provost."

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Finding 2025-009. Finding – Noncompliance with the University Faculty Research and Consulting Act (continued)

In addition, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

University officials indicated these conditions were due to the lack of a system to enforce employee compliance.

Failure to ensure faculty members with outside research, consulting services, or employment obtain written pre-approval from the University's Provost and file annual reports with the University's Provost about the amount of time spent during the preceding fiscal year on outside research, consulting services, or employment represents noncompliance with State law and University Policy 3.3.7 and hinders the oversight of outside activities by the University as intended by the General Assembly. (Finding Code No. 2025-009, 2024-008, 2023-009, 2022-010, 2021-010, 2020-011, 2019-008, 2018-007, 2017-005, 2016-003, 2015-002, 2014-003, 2013-005, 12-5)

Recommendation

We recommend the University's Provost take appropriate corrective action and implement internal controls to ensure faculty members with outside research, consulting services, or employment receive written pre-approval to conduct the requested activity and annually disclose the time spent on these activities in accordance with State law and University policy.

University Response

The University agrees with the auditors' finding and recommendation. The University has made process improvements to the faculty reporting process, as well as the review and approval process to improve compliance in FY 2026.

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Finding 2025-010. Finding—Noncompliance with the State Officials and Employees Ethics Act

The Illinois State University (University) did not require positive time reporting for all employees in compliance with the State Officials and Employees Ethics Act (Act).

During testing, we noted University Policy 1.12 only requires positive time reporting for the University's non-faculty employees. The faculty and graduate students within academic positions, academic/professional employees, and some civil service employees do not report actual hours worked and are only required to report benefit usage time (vacation, sick, etc.) used to the nearest quarter hour.

Further, this finding was first noted during the University's Fiscal Year 2005 State compliance examination. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Act requires the Board of Higher Education (Board), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) 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 Board adopted personnel policies for public universities on February 3, 2004, in accordance with the Act. The University has not fully incorporated these policies into the University's policies.

In addition, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

University officials stated, as they did in prior years, that the University continues to work with the faculty to bring the University into compliance with the Act.

By not requiring time sheets from all of its employees, the University does not have complete documentation of time spent by employees on official State business as contemplated by the Act. (Finding Code No. 2025-010, 2024-009, 2023-010, 2022-011, 2021-014, 2020-014, 2019-013, 2018-009, 2017-007, 2016-004, 2015-003, 2014-005, 2013-007, 12-6, 11-5, 10-2, 09-1, 08-1, 07-1, 06-2, 05-4)

Recommendation

We recommend the University revise its policy and require all employees to submit time sheets in compliance with State law.

University Response

The University agrees with the auditors' finding and recommendation and will continue to work towards a feasible solution to incorporate compliance. The University will work towards reviewing and revising the policy as needed.

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Finding 2025-011. Finding—Inadequate Control over Voucher Processing

The Illinois State University (University) did not have adequate internal control over its voucher processing function.

During our testing of vouchers, we noted the following:

- Two of 40 (5%) refunds, totaling \$130, were approved 1 and 9 days late.
- Five of 40 (13%) general vouchers, totaling \$122,553, were approved 2 to 196 days late.
- One of 40 (3%) awards and grants vouchers, totaling \$1,010, was approved 3 days late.
- One of 40 (3%) travel vouchers, totaling \$487, was approved 79 days late and was reimbursed 22 days late.

Further, this finding was first noted during the University's Fiscal Year 2023 State compliance examination. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

Good internal controls over compliance include approving or denying vouchers within 30 days after receiving and then paying the approved voucher within 90 days of receiving.

Internal Revenue Service (IRS) Publication 463, Travel, Gift and Car Expenses, notes employees receiving travel reimbursements must have paid or incurred deductible expenses while performing employment services, adequately accounted for the expenses within a reasonable period of time, generally defined by Publication 463 as within 60 days after the expenses were paid or incurred, and returned any excess reimbursements within 120 days.

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 resources are utilized efficiently, effectively, and in compliance with applicable law.

In addition, good internal controls over compliance include establishing and maintaining a system, or systems, of internal administrative controls to provide assurance the University's operations comply with applicable laws, rules, and regulations.

University officials indicated these exceptions were due to untimely submission and processing of invoices. University officials also indicated a system does not currently exist to enforce accountability related to prompt submission of reimbursement invoices. Further, University officials indicated for one of the general vouchers, totaling \$115,002, a formal invoice was not received by the University to prompt the payment process.

Failure to establish and maintain adequate internal control over voucher processing increases the likelihood errors or other irregularities could occur and not be detected in a timely manner by employees in the normal course of performing their assigned duties, increases the risk liabilities and expenses could be misstated on the University's financial statements, and could result in vendor dissatisfaction. Further, failure to require the timely submission of travel vouchers could result in additional efforts by the University's staff to allocate income to employees who are subject to a nonaccountable plan and represents noncompliance with IRS Publication 463. (Finding Code No. 2025-011, 2024-010, 2023-011)

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Finding 2025-011. Finding—Inadequate Control over Voucher Processing (continued)

Recommendation

We recommend the University review its voucher processing function to identify and mitigate processing areas or steps causing delays in the University's approval and payment process. In addition, the University should ensure all travel vouchers are promptly submitted by its travelers in strict adherence with Publication 463 or allocate income to the traveler under a nonaccountable plan.

University Response

The University agrees with the auditors' finding and recommendation. To address the matter, the University has expanded training resources and increased staffing to enhance guidance and support related to voucher processing requirements.

In addition, targeted communications are now being issued when invoices exceeding the 30-day processing threshold are identified during review. The University has also developed additional processes to proactively engage departments and reinforce timely invoice review and approval to ensure compliance with established requirements.

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Finding 2025-012. Finding—Noncompliance with University Guidelines

The Illinois State University (University) was not in compliance with the University Guidelines.

During testing, we noted that the University did not have a policy regarding reserves that has to be made publicly available.

Section IV, A1 of the University Guidelines states that reserves must be established pursuant to publicly available University policies.

University officials indicated a draft policy was created by June 30, 2025, however it was not adopted until fiscal year 2026.

Failure to make a reserves policy publicly available is in violation of the University Guidelines. (Finding Code No. 2025-012, 2024-011)

Recommendation

We recommend the University create a policy in accordance with the University Guidelines and publish it on their website.

University Response

The University agrees with the auditors' finding and recommendation. In response to the finding, the University Financial Reserve Policy 7.1.65 was approved and published on the university's policies and procedures website in October 2025.

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Finding 2025-013. Finding—Inadequate Controls over Census Data

The Illinois State University (University) did not have adequate internal control over reporting its census data to provide assurance that the census data submitted to the State Universities Retirement System (System) and State Employees' Group Insurance Program (Plan) 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 other postemployment benefit (OPEB) plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuations (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the University's employees are members of both the pension plan administered by the System and the Plan sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by the System, along with census data for other participating members provided by the State's four other pension systems, to prepare their projection of the liabilities of the Plan. Finally, the System's actuary and CMS' actuary used census data transmitted by the University during fiscal year 2023 to project pension and OPEB-related balances and activity at the plans during fiscal year 2024, which is incorporated into the University's fiscal year 2025 financial statements.

During the performance of the census examination, the auditors noted the following:

- During cut-off testing of data transmitted by the University to the System, the auditors identified the following events were reported to the System after the close of the fiscal year in which the event occurred, resulting in improper exclusion or inaccurate member status (active or inactive) as of fiscal year-end.
 - o Two new employee hires
 - o Two employees returning from a leave of absence
 - o One hundred one employee terminations

The result of the errors above led to contributions due to the plan being understated and inaccurate census data being utilized by the System and the State in the performance of the annual pension and OPEB actuarial valuation processes. The independent actuaries utilized by the System and the State of Illinois for the pension and OPEB plans deemed the errors immaterial to the plan level valuations as a whole.

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 control to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

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Finding 2025-013. Finding—Inadequate Controls over Census Data (continued)

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

1. Not a student employed on a less than full-time temporary basis;
2. Not receiving a retirement or disability annuity from the System;
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 the System's disability benefits;
6. Not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hire 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 the System electing to exclude these persons from the definition of 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 the System, 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 the System. Further, the Code (40 ILCS 5/15-155(b)) requires the University to remit employer contributions to the System reflecting the accruing normal costs of an employee paid from federal or trust funds.

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

University officials indicated that many of the exceptions occurred due to the absence of the necessary data needed to properly report events which occur near the end of the fiscal year to the System. Efforts are made to report as soon as administratively possible.

Failure to ensure that complete and accurate census data, as well as employee and employer contributions are reported to the System and the State reduces the overall reliability of the pension and OPEB-related

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Finding 2025-013. Finding—Inadequate Controls over Census Data (continued)

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 the System and Plan may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2025-013)

Recommendation

We recommend the University strengthen controls to ensure all events occurring within the census data accumulation year are reported timely to the System so these events can be incorporated into the census data utilized in the annual actuarial valuation process.

Further, we recommend the University strengthen controls to ensure all eligible employees are reported to the System and State, along with any required employee and employer contributions.

University Response

The University continues to review and implement procedures to avoid inconsistencies between University records and SURS. The University currently utilizes several methods to ensure timeliness and accuracy of reporting but acknowledges that there is room for improvement in these processes. The University notes that many of the records identified in this finding as untimely are records that cannot be confidently reconciled prior to the end of the fiscal year without creating significant administrative work for both the University and SURS. Data not ordinarily received until August of the following year is required to fully reconcile these records. Such reconciliation is completed as expeditiously as possible once the necessary data is received.

Outside of the records noted above, the University finds no pattern to the delayed reporting. The University will review current queries and data sets to ensure they are extracting the correct information and reiterate to both the internal staff and University campus partners the necessity of timeliness in this process.

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Finding 2025-014. Finding–Noncompliance with the Credit Card Marketing Act

The Illinois State University (University) was not in compliance with the Credit Card Marketing Act.

The University did not have a policy prohibiting the University and the University's agents, employees, student groups, alumni organizations, or any affiliates from providing certain student information to a business organization or financial institution for purposes of marketing credit cards.

The Credit Card Marketing Act (110 ILCS 26/25) states institutions of higher education, including their agents, employees, student groups, alumni organizations, or any affiliates may not provide to a business organization or financial institution for purposes of marketing credit cards the following information about students pursuing an undergraduate education: (i) name, (ii) address, (iii) telephone number, (iv) social security number, (v) e-mail address, or (vi) other personally identifying information.

University officials indicated a draft policy was created by June 30, 2025, however it was not adopted until fiscal year 2026.

Failure to have a policy to prohibit the disclosure of such student information represents noncompliance with State law. (Finding Code No. 2025-014, 2024-013)

Recommendation

We recommend the University develop a policy that will prohibit providing certain student information to a business organization or financial institution in accordance with the Credit Card Marketing Act.

University Response

The University agrees with the auditors' finding and recommendation. In response to the finding, the University Policy on Credit Card Marketing and Student Information 7.1.64 was approved and published on the university's policies and procedures website in October 2025.

Illinois State University
(A Component Unit of the State of Illinois)
Schedule of Findings
Summary of Auditor's Results
For the Year Ended June 30, 2025

Prior Findings Not Repeated

A. Finding – Noncompliance with the State Comptroller's Act

During the prior engagement, the Illinois State University (University) was not in compliance with the State Comptroller's Act. (Finding Code No. 2024-012)

Status: Implemented

During the current engagement, our testing indicated the University submitted payroll warrant information to the Office of the Secretary of State in accordance with the State Comptroller's Act.