

**Chicago State  
University**

A COMPONENT UNIT OF THE  
STATE OF ILLINOIS

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**STATE COMPLIANCE  
EXAMINATION**

FOR THE YEAR ENDED  
JUNE 30, 2023

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PERFORMED AS SPECIAL  
ASSISTANT AUDITORS FOR THE  
AUDITOR GENERAL,  
STATE OF ILLINOIS

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**STATE COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2023**

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The Chicago State University’s <i>Financial Audit and Federal Single Audit</i> for the year ended June 30, 2023, were issued under separate covers.	

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**STATE COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2023**

**UNIVERSITY OFFICIALS**

President	Ms. Zalduwaynaka Scott, Esq.
Chief of Staff	Mr. Kim Tran
Interim Provost and V.P. for Academic Affairs	Dr. Leslie Roundtree
V.P., General Counsel, Chief Compliance Officer & V.P. of Legal Affairs	Mr. Jason Carter
CFO & V.P. of Financial Operations (03/22/23 – Present)	Ms. Nicole Latimer-Williams
Interim CFO & V.P. of Financial Operations (10/24/22 – 03/30/23)	Mr. Dennis Stark
CFO & V.P. of Financial Operations (07/01/22– 10/23/22)	Mr. Craig Deutsch
Executive Director/Controller (01/03/24 – Present)	Ms. Evelyn Romero
Executive Director/Controller (11/25/23 – 01/02/24)	Vacant
Executive Director/Controller (07/01/22 – 11/24/23)	Ms. Rona Lagdamen, CPA
Chief Internal Auditor (07/01/23 – Present)	Vacant
Chief Internal Auditor (10/17/22 – 06/30/23)	Mr. Stetson Marshall
Chief Internal Auditor (07/01/22 – 10/16/22)	Ms. Natalie Covello

**BOARD OF TRUSTEES**

Chair	Ms. Andrea Zopp, Esq.
Vice Chair (01/14/23 – Present)	Vacant
Vice Chair (07/01/22 – 01/13/23)	Mr. Mark Schneider, Esq.
Secretary	Ms. Angelique David
Member (03/07/23 – Present)	Vacant
Member (07/01/22 – 03/06/23)	Mr. Brian Clay, M.D.
Member	Mr. Cory Thames
Member	Ms. Cheryl Watkins
Member	Mr. Jason Quaira
Student Member (07/01/23 – Present)	Mr. James Elam
Student Member (07/01/22 – 06/30/23)	Ms. Essence Smart

**UNIVERSITY OFFICE**

The University's primary administrative office is located at:

9501 S. King Drive  
Chicago, Illinois 60628



# CHICAGO STATE UNIVERSITY

## MANAGEMENT ASSERTION LETTER

April 10, 2024

Roth & Company, LLP  
815 W. Van Buren Street, Suite 500  
Chicago, Illinois 60607

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 Chicago State University (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 University's compliance with the following specified requirements during the one-year period ended June 30, 2023. Based on this evaluation, we assert that during the year ended June 30, 2023, the University has materially complied with the specified requirements listed below.

- 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.

Yours truly,

**Chicago State University**

**SIGNED ORIGINAL ON FILE**

~~Ms.~~ Zaldwaynaka Scott, Esq.  
President

**SIGNED ORIGINAL ON FILE**

Ms. Nicole Latimer-Williams  
Chief Financial Officer &  
Vice President of Financial Operations

**SIGNED ORIGINAL ON FILE**

~~Mr.~~ Jason L. Carter  
General Counsel, Chief Compliance Officer &  
Vice President of Legal Affairs

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**STATE COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2023**

**STATE COMPLIANCE REPORT**

**SUMMARY**

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

**ACCOUNTANT’S REPORT**

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

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report(s)</u></b>
Findings	16	14
Repeated Findings	11	9
Prior Recommendations Implemented or Not Repeated	3	1

**SCHEDULE OF FINDINGS**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Last/First Reported</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
<b>Current Findings</b>				
2023-001	11	2022/2020	Inadequate Internal Controls over Census Data	Noncompliance and Significant Deficiency
2023-002	15	2022/2020	Weaknesses over Computer Security	Noncompliance and Significant Deficiency
2023-003	17	New	Inadequate Controls to Ensure Compliance with the Illinois Pension Code	Material Noncompliance and Material Weakness
2023-004	19	New	Failure to Provide Uniform Resource Locator to the Department of Education	Noncompliance and Significant Deficiency

**CHICAGO STATE UNIVERSITY**  
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**For the Year Ended June 30, 2023**

**SCHEDULE OF FINDINGS**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2023-005	21	2022/2022	Failure to Notify Students and Parents Upon Disbursement of Funds	Noncompliance and Significant Deficiency
2023-006	23	New	Failure to Comply with Established Procurement Procedures	Noncompliance and Significant Deficiency
2023-007	25	New	Inadequate Controls over Equipment	Material Noncompliance and Material Weakness
2023-008	27	2022/2022	Inadequate Controls over Personal Services	Material Noncompliance and Material Weakness
2023-009	31	2022/2020	Lack of Adequate Controls over Review of Internal Controls over Service Providers	Noncompliance and Significant Deficiency
2023-010	34	2022/2021	Noncompliance with the Chicago State University Law	Noncompliance and Significant Deficiency
2023-011	35	2022/2020	Weaknesses in Cybersecurity Programs and Practices	Noncompliance and Significant Deficiency
2023-012	37	2022/2020	Inadequate Disaster Recovery Process	Noncompliance and Significant Deficiency
2023-013	39	2022/2020	Change Control Weaknesses	Noncompliance and Significant Deficiency
2023-014	41	2022/2022	Weaknesses over Maintenance of Employment Eligibility Verification Forms	Noncompliance and Significant Deficiency

**CHICAGO STATE UNIVERSITY**  
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**SCHEDULE OF FINDINGS (CONTINUED)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2023-015	43	2022/2016	Inadequate Controls over Contractual Services Expenditures	Noncompliance and Significant Deficiency
2023-016	46	New	Failure to Prepare and File the Agency Workforce Report	Noncompliance and Significant Deficiency

**Prior Findings Not Repeated**

A	47	2022/2022	Failure to Obtain Student Verification Documents
B	47	2022/2022	Noncompliance with Special Tests and Provisions – Student Financial Aid Information Security
C	47	2022/2020	Lack of Adherence to Controls and Noncompliance with Requirement Applicable to the Education Stabilization Fund



**CHICAGO STATE UNIVERSITY**  
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**STATE COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2023**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with the University personnel at an exit conference on April 3, 2024.

Attending were:

Chicago State University

Zaldwaynaka Scott, President

Kim Tran, Chief of Staff

Nicole Latimer-Williams, Chief Financial Officer

Evelyn Romero, Controller

Freda Richmond, Associate Director of Compliance and Risk Management

Natalie Covello, Consultant

Office of the Auditor General

Reddy Bommareddi, Senior Audit Manager

Roth & Company LLP

Marites Sy, Partner

Lou Jonathan Cabrera, Manager



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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

The Board of Trustees  
Chicago State University

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Chicago 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, 2023. 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.

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, 2023. As described in the accompanying Schedule of Findings as items 2023-003, 2023-007, and 2023-008, the University had not complied, in all material respects, with 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, 2023, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2023-001, 2023-002, 2023-004 through 2023-006, and 2023-009 through 2023-016.

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.



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 2023-003, 2023-007, and 2023-008 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 2023-001, 2023-002, 2023-004 through 2023-006, and 2023-009 through 2023-016 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 internal control 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**

Chicago, Illinois  
April 10, 2024



**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-001. **FINDING** Inadequate Internal Controls over Census Data

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 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 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, 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 SURS, along with census data for the other participating members provided by the State's four other pension plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing, we noted the following:

- During our previous cut-off testing of data transmitted by the University to SURS, we noted 1 instance of an active employee becoming inactive was reported to SURS after the close of the fiscal year in which the event occurred. We also noted 2 instances whereby service credit was different by a total of 3.25 years. All of these instances have been previously reported, however still impacted the June 30, 2021 census data.
- During our testing of instructor eligibility testing, we noted 2 instructors were not reported as eligible to participate in SURS by the University. For the June 30, 2021 census data, it was determined the service credit was different by a combined total of ½ of a year.

**CHICAGO STATE UNIVERSITY**  
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**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-001. **FINDING** Inadequate Internal Controls over Census Data (Continued)

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

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

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

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

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-001. **FINDING** Inadequate Internal Controls over Census Data (Continued)

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, we 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 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. (Finding Code No. 2023-001, 2022-001, 2021-003, 2020-003)

**RECOMMENDATION**

We 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.

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

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

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-001. **FINDING** Inadequate Internal Controls over Census Data (Continued)

**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 ongoing 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.



**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-002. **FINDING** Weaknesses over Computer Security

The Chicago State University (University) did not maintain adequate controls over computer security.

The University had invested in computer hardware and systems and established several critical, confidential, or financially sensitive systems for use in meeting its mission. However, the University did not have controls to ensure adequate security controls over their computing environment. During testing, we noted:

- Separated employees continued to have access to the University's environment.
- Information Technology (IT) infrastructure was not secured properly.

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.

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 section, requires timely termination of access rights and System and Services Acquisition section requires a properly secured infrastructure.

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 issue regarding separated employees having access to the network was due to breaks in communication with the Human Resource during the time of leadership transition. The other issue was due to the lack of resources to upgrade University hardware and acquire a centralized identity management software.

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. (Finding Code No. 2023-002, 2022-002, 2021-001, 2020-001)

**RECOMMENDATION**

We recommend the University ensure timely deactivation of separated users' access and ensure the IT infrastructure is properly secured.

**CHICAGO STATE UNIVERSITY**  
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**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-002.    **FINDING**    Weaknesses over Computer Security (Continued)

**UNIVERSITY RESPONSE**

The University agrees with the finding and is developing a corrective action plan to address the lack of controls over computer systems.

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-003. **FINDING** Inadequate Controls to Ensure Compliance with the Illinois Pension Code

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

During testing, we requested the University provide the populations of retired employees, persons receiving a retirement annuity (Annuitants) from the State Universities Retirement System (SURS) and re-employed by the University, and employees who filed for disability benefits during Fiscal Year 2023. The University could not provide the populations generated from its internal records. Subsequently, the University provided the populations obtained from SURS; however, these populations were not reconciled to the University's records and vice versa.

Due to this condition, we 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 our ability to conclude whether selected samples were representative of the population as a whole, we performed the 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. Our testing indicated the University did not timely notify SURS of the re-employment of two of seven (29%) annuitants. The University notified SURS 320 days late.

The Illinois Pension Code (40 ILCS 5/15-139.5(a)) requires the University to notify SURS within 60 days after employing an annuitant.

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 leadership transition 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.

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-003.    **FINDING**    Inadequate Controls to Ensure Compliance with the Illinois Pension Code (Continued)

Failure to maintain adequate internal controls resulted in noncompliance with the Code and reduces the overall reliability of activity reported in the University's financial statements. (Finding Code No. 2023-003)

**RECOMMENDATION**

We recommend the University implement controls to ensure completeness and accuracy of the populations of retirees, re-employed annuitants, and employees who filed for disability benefits. Further, we recommend the University timely notify SURS of re-employment of annuitants in accordance with the Code.

**UNIVERSITY RESPONSE**

The University agrees with the finding and is developing a corrective action plan to ensure compliance with the Code.

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-004. **FINDING** Failure to Provide Uniform Resource Locator to the Department of Education

Federal Agency:	U.S. Department of Education
Assistance Listing Numbers:	84.063; 84.268; 84.379; 84.007; 84.033
Program Names:	Student Financial Assistance Cluster - Federal Pell Grant Program Federal Direct Student Loans Teacher Education Assistance for College and Higher Education Grants Federal Supplemental Educational Opportunity Grants Federal Work Study
Program Expenditures:	\$4,329,746; \$20,224,493; \$25,460; \$289,515; \$505,494
Award Numbers:	P063P211351; P268K221351; P379T221351; P007A221121; P033A221121
Questioned Costs:	None

The Chicago State University (University) entered into an arrangement with a servicer to make direct payments of financial aid credit balances to its students. During testing, we noted the arrangement with the servicer and related costs were disclosed on the University's website. However, the University did not provide the Department of Education with the uniform resource locator (URL) of its website where the disclosure of its contract with the servicer and related contract information is posted.

The Code of Federal Regulations (Code) (34 CFR § 668.164(e)(2)(viii)) requires the University to provide the Department of Education with an up-to-date URL for the contract and contract data with the servicer for publication on the Department of Education's Cash Management Contract Database accessible to the public.

University management indicated the failure to provide the Department of Education with an up-to-date URL for its contract with the servicer and related contract data was due to oversight.

Failure to provide the Department of Education with an up-to-date URL for the University's contract with the servicer and related contract information is a noncompliance with the Code. (Finding Code No. 2023-004)

**RECOMMENDATION**

We recommend the University provide the Department of Education with the URL of the contract with the servicer and related contract information in accordance with the Code.

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2023-004.    **FINDING**    Failure to Provide Uniform Resource Locator to the Department of Education (Continued)

**UNIVERSITY RESPONSE**

The University agrees with the finding and has submitted proper documentation to the Department of Education for proper posting of the URL.

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2023-005. **FINDING** Failure to Notify Students and Parents Upon Disbursement of Funds

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 Federal Direct Student Loans
Program Expenditures:	\$25,460; \$20,224,493
Award Number:	P379T221351; P268K221351
Questioned Costs:	None

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

During testing of five students, who received Teacher Education Assistance for College and Higher Education Grants (TEACH) totaling \$14,145, we noted five (100%) students were not notified by the University indicating the funds were credited to the students' accounts. 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 \$700,656, we noted 38 (95%) students with grant disbursements totaling \$695,212 were not notified by the University indicating the funds were credited to the students' accounts. The sample methods used in performing this testing were not statistically valid.

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.

University management indicated the failure to timely notify students and parents upon disbursements of TEACH Grants and Direct Loans was due to resource constraints.

Failure to timely notify students and parents regarding grant and loan disbursements is a noncompliance with the Code. (Finding Code No. 2023-005, 2022-005)

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2023-005.    **FINDING**    Failure to Notify Students upon Disbursement of Funds (Continued)

**RECOMMENDATION**

We recommend the University strengthen controls to ensure timely notification is sent to students and parents upon disbursement of grant funds and loans.

**UNIVERSITY RESPONSE**

The University agrees with the recommendation. Upon discovery, the corrective action was immediately implemented so that by the end of Fiscal Year 2023, the University was in compliance with the requirements.



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2023-006. **FINDING** Failure to Comply with Established Procurement Procedures

Federal Agency:	National Science Foundation
Assistance Listing Number:	47.076
Program Names:	Research and Development Cluster - Conference: 2023 NSF Louis Stokes Alliances for Minority Participation Principal Investigators/ Project Directors Meeting Collaborative Research: Louis Stokes Regional Center of Excellence: Louis Stokes Midwest Region Center of Excellence for Broadening Participation in STEM
Program Expenditures:	\$478,648; \$256,713
Award Numbers:	2312141; 1826719
Questioned Costs:	None

The Chicago State University (University) did not ensure procurements exempt from solicitation and competitive bidding were published in the Illinois Procurement Bulletin.

During testing, two of 13 (15%) exempt contracts, each exceeding \$100,000, were not published in the Illinois Procurement Bulletin. The sample methods used in performing this testing were not statistically valid.

The Code of Federal Regulations (Code) (2 CFR § 200.318(a)) requires the University to use documented procurement procedures consistent with State, local, and tribal laws and regulations and the standards of the Code, for the acquisition of property or services required under a Federal award or subaward.

The Illinois Procurement Code (30 ILCS 500/1-13(b)) requires the University to publish notices of each contract with an annual value of more than \$100,000 in the Procurement Bulletin within 14 calendar days after contract execution.

University management indicated the failure to publish the notices in the Procurement Bulletin was due to oversight.

Failure to publish notices of exempt contracts is a noncompliance with the Code and the Illinois Procurement Code. (Finding Code No. 2023-006)

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2023-006. **FINDING** Failure to Comply with Established Procurement Procedures (Continued)

**RECOMMENDATION**

We recommend that the University publish notices of exempt contracts in the Procurement Bulletin in accordance with the Code and the Illinois Procurement Code.

**UNIVERSITY RESPONSE**

The University agrees with the finding. Adjustments have been made to internal processes to ensure exemptions are always posted to the Illinois Procurement Bulletin for Public Institutions of Higher Education in a timely manner when necessary.

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2023-007. **FINDING** Inadequate Controls over Equipment

The Chicago State University (University) did not investigate missing equipment items during its annual inventory count.

We reviewed the University's Annual Certification of Inventory (Certification) submitted to the Department of Central Management Services (CMS). The Certification reported 150 unlocated items amounting to \$748,156 or 4% of the total dollar amount of University equipment. Of the 150 unlocated equipment items:

- 46 (31%) items consisting of chassis, controller wireless blades, power protector, UPS system, video conferencing equipment, camcorder, network switches, and laptops totaling \$526,956 were missing from the Information Technology Department.
- 11 (7%) items consisting of scrubbers, air conditioners, rotary scroll compressor, motor control center, and a sewer camera totaling \$74,630 were missing from the Physical Facilities and Planning Management Department.
- 60 (40%) laptops totaling \$30,900 were missing from the Athletics Department.
- Six (4%) items consisting of laptops, blood perfusion monitor, Millar Pressure-Volume 300 Foundation system totaling \$48,739 were missing from the College of Pharmacy.
- Nine (6%) items consisting of laptops and central processing units totaling \$9,373 were missing from the Education Opportunity Center.
- 18 (12%) items consisting of laptops, central processing units, UPS, microphone, tablets, and a copier totaling \$57,559 were missing from the Admission, Pharmacy Practice, Enrollment Management, Biological Sciences, Advanced Studies in Education, Center for Stem Education, Student Affairs, Daycare Center, and Pharmaceutical Sciences Departments.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.490 (f)) requires the University 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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2023-007. **FINDING** Inadequate Controls over Equipment (Continued)

Further, 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.

Additionally, 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.

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, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation, and maintain accountability over the University's resources.

University management indicated the issues were due to staff turnover and failure of department heads to follow the established asset management processes.

Failure to investigate or re-examine the discrepancies identified during the annual inventory may result in a loss of equipment due to theft and resulted in a noncompliance with the State rules and regulations. (Finding Code No. 2023-007)

**RECOMMENDATION**

We recommend the University strengthen controls over equipment and investigate or re-examine large discrepancies identified during its annual inventory counts.

**UNIVERSITY RESPONSE**

The University agrees with the finding. In place currently is an internal asset validation process in which the University Department Equipment Managers are required to complete which includes investigation and re-inventory procedures of missing assets.

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2023-008. **FINDING** Inadequate Controls over Personal Services

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

We requested the University provide a population of active, newly hired, and terminated employees. In response to this request, the University provided a listing of such employees maintained during the examination period. However, during testing, we noted:

- The active employee listing included separated employees;
- The new hire listing did not include all employees hired during the fiscal year; and,
- The termination listing did not include all employees terminated during the fiscal year.

Due to these conditions, we concluded the University's population records were not sufficiently precise and complete under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C §205.36) to test the University's compliance over personal services.

*Even given the population limitations noted above*, we selected samples to review personnel files, timesheets, leave requests, accrued leave balances, overtime cards, training certificates, and performance evaluations, and noted the following:

- One of 40 (3%) employees' timesheets could not be located.
- Ten of 40 (25%) employees' timesheets were approved 1 to 64 days late.
- Three of 40 (8%) employees' timesheets did not indicate approval dates by the supervisors.
- One of five (20%) leave request forms was not signed by the employee's supervisor.
- Two of five (40%) leave request forms could not be located.
- Seven of 40 employees' (18%) W-4 forms could not be located.

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2023-008. **FINDING** Inadequate Controls over Personal Services (Continued)

- 40 of 40 employees' (100%) benefits selection information could not be located.
- Five of 10 (50%) new employees did not complete the initial harassment and discrimination prevention training.
- One of 40 (3%) employees did not complete the annual harassment and discrimination prevention training.
- Five of 40 (13%) employees did not complete the Identity Protection Act training.
- Fifteen of 40 (38%) employees' performance evaluations were not completed.
- Three of 40 (8%) employees' performance evaluation were completed 3 to 69 days late.
- One of 40 (3%) employee's performance evaluation report had no indication of completion date; therefore, we were unable to determine if the evaluation was completed timely.

The University's Human Resources Policy (Policy) requires managers to review the accuracy and completeness of employee time reports and leave request forms, monitor 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.

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

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2023-008. **FINDING** Inadequate Controls over Personal Services (Continued)

Moreover, 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.

Also, 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.

Finally, 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 maintains complete and accurate employee listings, time sheets, leave requests, and W-4 and benefit selection forms in accordance with the University's policies and procedures, required trainings are completed, and performance evaluations are completed in a timely manner.

University management indicated the exceptions were due to staffing constraints and oversight.

Failure to provide a complete and accurate listing of employees impedes the performance of the testing and providing useful and relevant feedback regarding personal services. Further, the review and approval of employee timesheets 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 timesheets and maintain W-4 forms and benefits selection information 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. (Finding Code No. 2023-008, 2022-014)

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2023-008. **FINDING** Inadequate Controls over Personal Services (Continued)

**RECOMMENDATION**

We recommend that the University maintain accurate listings of active, newly hired, and terminated employees. Also, we recommend the University strengthen controls over personal services to ensure employee timesheets and leave requests are approved by their supervisors, and W-4 and benefit selection forms are properly maintained. Further, we recommend the University ensure employees complete the required trainings in accordance with the State Officials and Employees Ethics Act and Identity Protection Act. Lastly, we recommend University enforce monitoring procedures to ensure employee performance evaluations are timely completed.

**UNIVERSITY RESPONSE**

The University agrees with the recommendation.



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2023-009. **FINDING** Lack of Adequate Controls over Review of Internal Controls over Service Providers

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 student loans, and (4) tracking of University property and equipment.

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

- Implemented a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms for four (100%) service providers.
- Obtained and reviewed the System and Organization Control (SOC) reports for three (75%) service providers.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the University's operations identified in the SOC reports for three (75%) service providers.
- Obtained and reviewed System and Organization Controls (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 four (100%) service providers.
- 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.

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.

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2023-009. **FINDING** Lack of Adequate Controls over Review of Internal Controls over Service Providers (Continued)

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 indicated they believed their current monitoring procedures over service providers were sufficient and adequate.

Failure to review compliance of the service providers with contractual terms may result in obligations and services not being met. 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. (Finding Code No. 2023-009, 2022-008, 2021-007, 2020-012)

**RECOMMENDATION**

We recommend the University:

- Implement a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms with the service providers.
- Obtain and review all 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.

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2023-009.    **FINDING**    Lack of Adequate Controls over Review of Internal Controls over Service Providers (Continued)

**UNIVERSITY RESPONSE**

The University does not agree with the 1<sup>st</sup> bullet of the recommendation. Information Technology is not the business owner for all contracts. However, the University has modified the Management Vendor Review of SOC 2 Report which will include the subservice providers and CUECs.

**ACCOUNTANT'S COMMENTS**

Even though, the Information Technology Department disagrees, the recommendation to the 1<sup>st</sup> bullet applies to the University as a whole.

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2023-010. **FINDING** Noncompliance with the Chicago State University Law

The Chicago State University (University) did not fully comply with the requirements of the Chicago State University Law regarding flexible hours positions.

The University Board of Trustees (Board) established goals for flexible hours positions at the University. The Board passed a resolution in 2013 to achieve a goal of having 20% of its employees working flexible schedules by 2016. During testing, we noted the University reached its 20% goal; however, the University did not begin the process of evaluating the effectiveness and efficiency of the flexible hours program.

The Chicago State University Law (110 ILCS 660/5-100) requires when a goal of 20% of the positions on a campus being available on a flexible hour basis has been reached, the Board has to evaluate the effectiveness and efficiency of the program and determine whether to expand the number of positions available for flexible hours.

This finding was first reported in Fiscal Year 2021. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to evaluate the flexible hours program.

University management stated employee turnover prevented the University from finalizing the evaluation of the effectiveness and efficiency of the flexible hours program.

Failure to evaluate the effectiveness and efficiency of the flexible hours program inhibits the determination of the program's success and resulted in noncompliance with the Chicago State University Law. (Finding Code No. 2023-010, 2022-009, 2021-008)

**RECOMMENDATION**

We recommend the University evaluate the effectiveness and efficiency of the flexible hours program in accordance with the Chicago State University Law.

**UNIVERSITY RESPONSE**

The University agrees with the finding and is implementing a corrective action plan to demonstrate an evaluation on the efficiency and effectiveness of the flexible hours positions.

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2023-011. **FINDING** Weaknesses in Cybersecurity Programs and Practices

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

- 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 vulnerability management process had been adequately implemented to monitor the environment, applications and data to identify security vulnerabilities.

In addition, three of 25 (12%) 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.

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 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 maintain accountability over the State's resources.

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2023-011. **FINDING** Weaknesses in Cybersecurity Programs and Practices (Continued)

University management indicated the issues related to risk assessment, data classification and vulnerability management were due to not adopting a defined methodology. University management also indicated the other issues were due to competing priorities.

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. (Finding Code No. 2023-011, 2022-010, 2021-009, 2020-013)

**RECOMMENDATION**

We recommend the University:

- Perform a comprehensive risk assessment to identify and ensure adequate protection of confidential or personal information.
- Classify its data to ensure adequate protection.
- Formalize, approve, and implement the standard operating procedures over existing security solutions to provide effective security and resilience of assets.
- Implement vulnerability management process to monitor the environment, applications and data to identify security vulnerabilities.
- Ensure all employees and contractors complete security awareness trainings.

**UNIVERSITY RESPONSE**

The University agrees with the recommendation. The University currently implemented an online service that actively monitors the network traffic for suspicious activity and known attacks. The online service will notify the University IT staff and the University will take appropriate action.

A software has been purchased and is currently in the implementation process. The software will actively scan endpoints, servers and applications for vulnerabilities and report vulnerabilities.

The University has firewalls with policies in place that will limit external access to the internal network. A Demilitarized Zone is in process.

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2023-012. **FINDING** Inadequate Disaster Recovery Process

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 last revised in 2016 and 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 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, 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. The Publication 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 issues were due to constraints around procuring resources for its data replication system.

Failure to have an adequately updated and tested disaster recovery plan leaves the University exposed to the possibility of major disruptions to services. (Finding Code No. 2023-012, 2022-011, 2021-010, 2020-014)

**RECOMMENDATION**

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

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2023-012. **FINDING** Inadequate Disaster Recovery Process (Continued)

**UNIVERSITY RESPONSE**

The University agrees with the recommendation. The University has contracted with a vendor for the University's disaster recovery site. The University is currently adding servers for the replication from the data center to the remote location. When the infrastructure setup is completed, the University will perform a test/failover. At that point, the University can create a failover/recovery test plan.



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2023-013.    **FINDING**    Change Control Weaknesses

The Chicago State University (University) had weaknesses in its change management controls.

During testing of eight system changes, the University had not:

- Completed the change request form for six (75%) changes;
- Obtained change approvals for eight (100%) changes; and
- Documented the user acceptance testing for six (75%) changes.

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

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 section, endorses the implementation of change management procedures that require modification to application systems to be consistently documented. Additionally, changes are required to follow the entity's change management 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.

Further, the University's Change Control Policy requires change management documentation to include the change request, approvals, and testing outcomes.

University management indicated the weaknesses were due to some employees not following the standard procedures.

Lack of enforcement of change control procedures increases the risk of unauthorized or improper changes to computer systems. (Finding Code No. 2023-013, 2022-012, 2021-002, 2020-002)

**RECOMMENDATION**

We recommend the University enforce the change management procedures and maintain proper documentation of changes in accordance with its policy.

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2023-013.    **FINDING**    Change Control Weaknesses (Continued)

**UNIVERSITY RESPONSE**

The University agrees with the recommendation.

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-014.    **FINDING**    Weaknesses over Maintenance of Employment Eligibility Verification Forms

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 40 employees, we noted the following:

- Twelve (30%) employees did not have the completed I-9 Forms on file. As such we 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 (3%) I-9 Form did not have Section 1, Employee Information and Attestation, completed and signed by the employee. In addition, one (3%) I-9 Form had Section 1 completed and signed by the employee three 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.

- One (3%) I-9 Form did not have Section 2, Employer Review and Verification, completed and signed by the University's authorized representative. In addition, three (8%) I-9 Forms had Section 2 completed and signed by the University's authorized representative 157 to 225 days late.

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 the hire and sign the attestation with a handwritten signature or electronic signature.

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-014.    **FINDING**    Weaknesses over Maintenance of Employment Eligibility Verification Forms (Continued)

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. (Finding Code No. 2023-014, 2022-013)

**RECOMMENDATION**

We recommend the University ensure I-9 Forms are properly completed, reviewed, and maintained in accordance with the Code.

**UNIVERSITY RESPONSE**

The University agrees with the recommendation.

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-015.    **FINDING**    Inadequate Controls over Contractual Services Expenditures

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

During our review of 40 contracts (totaling \$2,667,966), including purchase orders, executed during the fiscal year ended June 30, 2023, we noted the following:

- Eight contracts (totaling \$377,841) were executed subsequent to the start date of the contracts. The contract execution dates ranged from 17 to 89 days from the commencement of services.
- One exempt purchase (totaling \$117,149) was not published in the Illinois Procurement Bulletin.
- Two contracts (totaling \$148,708) were not signed by the University President.
- Fifteen contracts (totaling \$665,504) were not supported with three required price quotations and at least one of the quotes from a Business Enterprise Program (BEP) Certified Vendor.

In addition, during testing of a real property contract (totaling \$1,282,500) executed during the fiscal year 2023, the University did not obtain the disclosure form from the lessor.

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

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.

Also, the University's procurement policies and procedures require contracts greater than \$50,000 to be approved by the University President.

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-015.    **FINDING**    Inadequate Controls over Contractual Services Expenditures (Continued)

Additionally, the University's procurement policies and procedures require the requesting departments to obtain three price quotations from vendors for purchases between \$20,000 and \$99,999 and one of the three quotes must be obtained from a BEP Certified Vendor, when possible. If multiple vendors or BEP Certified Vendors cannot be identified, documentation of efforts to secure quotes as required may be submitted. Barring differences in quality or delivery time, the vendor with the lowest quotation will be awarded the contract or purchase order.

Moreover, the Public Officer Prohibited Activities Act (50 ILCS 105/3.1) requires the University to obtain the real estate disclosure form for any contract relating to the ownership or use of real property.

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 procurement files are complete and contracts contain all necessary disclosures, are properly approved and fully executed prior to performance.

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

Failure to fully execute a contract prior to the commencement of services leaves the University vulnerable to unnecessary liabilities and potential legal issues. In addition, failure to obtain real estate lease disclosure form, publish contracts in the Illinois Procurement Bulletin, include all appropriate approval signatures, and failure to ensure contracts are supported by the required number of quotes, result in noncompliance with the University procurement policies and procedures, and State statutes and regulations. (Finding Code No. 2023-015, 2022-007; 2021-006; 2020-007, 2019-006, 2018-004, 2017-010, 2016-010)

**RECOMMENDATION**

We recommend the University establish appropriate procedures to ensure all contracts are signed and executed prior to the commencement of services. Further, we recommend the University review its procedures to ensure disclosures are obtained prior to the execution of contracts, exempt purchases are timely published in the Illinois Procurement Bulletin, and contracts are supported by three price quotes in accordance with the State statutes and guidelines. Lastly, we recommend the University obtain the real estate disclosure form for each real property contract executed in accordance with the Public Officer Prohibited Activities Act.

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-015.    **FINDING**    Inadequate Controls over Contractual Services Expenditures (Continued)

**UNIVERSITY RESPONSE**

The University agrees with the recommendation. Additional staff will be hired within Procurement Services during the course of FY25 which will allow for increased efforts to ensure compliance with all applicable requirements.

**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - CURRENT FINDINGS**  
**For the Year Ended June 30, 2023**

2023-016.    **FINDING**    Failure to Prepare and File the Agency Workforce Report

The Chicago State University (University) did not prepare and file its Agency Workforce Report (Report) for Fiscal Year 2022 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. (Finding Code No. 2023-016)

**RECOMMENDATION**

We recommend the University prepare and file the Fiscal Year 2022 Report with the Office of the Governor and Secretary of State.

**UNIVERSITY RESPONSE**

The University agrees with the recommendation.



**CHICAGO STATE UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS - PRIOR FINDINGS NOT REPEATED**  
**For the Year Ended June 30, 2023**

A. **FINDING** Failure to Obtain Student Verification Documents

During the prior year, the Chicago State University (University) did not obtain and review student verification documents.

During the current year, our sample testing did not identify similar exceptions. (Finding Code No. 2022-003)

B. **FINDING** Noncompliance with Special Tests and Provisions – Student Financial Aid Information Security

During the prior year, the University did not perform risk assessment procedures and document safeguards for each risk identified in relation to student financial aid information.

During the current year, the University conducted a risk assessment to identify potential risks associated with student financial aid information and documented safeguards for each identified risk. (Finding Code No. 2022-004)

C. **FINDING** Lack of Adherence to Controls and Noncompliance with Requirement Applicable to the Education Stabilization Fund

During the prior year, the University did not utilize the updated quarterly reporting form to report its Higher Education Emergency Relief Fund (HEERF) student and institutional aid awards.

During the current year, the University did not receive or spent HEERF funds; thus, no further reporting was required. (Finding Code No. 2022-006, 2021-004, 2020-005)