

**WESTERN ILLINOIS UNIVERSITY**  
**A Component Unit of the State of Illinois**  
**STATE COMPLIANCE EXAMINATION**

For the Year Ended June 30, 2022

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

**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**STATE COMPLIANCE EXAMINATION**  
For the Year Ended June 30, 2022

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**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**STATE COMPLIANCE EXAMINATION**  
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**University Officials**

President	Dr. Guiyou Huang
Provost and Academic Vice President	Mr. William Clow, Interim
Vice President for Student Success	Dr. David Braverman
Vice President for Finance and Administration	Ms. Shannon Sutton, Interim
Vice President of Enrollment Management	Dr. Amber Schultz (08/01/21 – Present)
Vice President of Quad Cities Campus Operations	Dr. Kristi Mindrup (02/01/22 – Present)
Interim Administrator in Charge, Quad Cities Campus*	Dr. Kristi Mindrup (07/01/20 – 01/31/22)
Associate Vice President of Enrollment Management**	Mr. Gary Swegan (07/01/20 - 08/06/21)
Executive Director of Financial Affairs	Ms. Ketra Roselieb
Director of Internal Auditing	Mr. Michael Sowinski
General Counsel	Ms. Elizabeth Duvall

\*Position renamed Vice President of Quad Cities Campus Operations on 08/01/21

\*\*Position renamed Vice President of Enrollment Management on 08/01/21

**WESTERN ILLINOIS UNIVERSITY**  
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**Board of Trustees (as of June 30, 2022)**

Chair	Doug Shaw, Peoria
Vice Chair	Erik Dolieslager, Quincy
Secretary	Kisha M.J. Lang, Maywood
Member	Greg Aguilar, East Moline
Member	Polly Radosh, Good Hope
Member	Carin Stutz, Chicago
Member	Patrick M. Twomey, Macomb
Student Member	Kinsey Tiemann, LaGrange

University offices are located at:

Macomb Campus  
1 University Circle  
Macomb, Illinois 61455-1390

Quad Cities Campus  
3300 River Drive  
Moline, Illinois 61265-588

## MANAGEMENT ASSERTION LETTER

June 27, 2023

Plante & Moran, PLLC  
537 E. Pete Rose Way  
Suite 300  
Cincinnati, OH 45202

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 Western Illinois University (the “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, 2022. Based on this evaluation, we assert that during the year ended June 30, 2022, 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,

Western Illinois University

**Signature on File**

Guiyou Huang, Ph.D.  
President

**Signature on File**

Ms. Shannon Sutton  
Interim VP for Finance  
and Administration

**Signature on File**

Ms. Elizabeth Duvall  
General Counsel

**Office of the President**

Sherman Hall 209, 1 University Circle, Macomb, IL 61455-1390  
Tel 309.298.1824 Fax 309.298.2089

**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**STATE COMPLIANCE EXAMINATION**  
For the Year Ended June 30, 2022

**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</u></b>	<b><u>Prior</u></b>
<b>Findings</b>	<b><u>Report</u></b>	<b><u>Report</u></b>
Findings	7	9
Repeated Findings	5	7
Prior Recommendations Implemented or Not Repeated	4	4

**SCHEDULE OF FINDINGS**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Last/First</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
<b>Current Findings</b>				
2022-001	10	2022/2020	Inadequate Internal Controls Over Census Data	Material Weakness and Material Noncompliance
2022-002	12	New	Inadequate Internal Control over Student Enrollment Reporting	Material Weakness and Material Noncompliance
2022-003	14	2022/2016	Noncompliance with the <i>University Guidelines</i> on Excess Funds	Significant Deficiency and Noncompliance

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For the Year Ended June 30, 2022

**SCHEDULE OF FINDINGS (CONTINUED)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings (Continued)</b>				
2022-004	15	2022/2012	Noncompliance with the <i>University Guidelines</i> on Subsidies	Significant Deficiency and Noncompliance
2022-005	17	2022/2018	Lack of Adequate Controls over the Review of Internal Controls over Service Providers	Significant Deficiency and Noncompliance
2022-006	19	2022/2021	Weakness in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2022-007	21	New	Weakness with Payment Card Industry Data Security Standards	Significant Deficiency and Noncompliance

**Prior Findings Not Repeated**

A	22	2021/2021	Failure to Apply Appropriate Generally Accepted Accounting Principles
B	22	2021/2020	Information Technology Risk Assessment Not Performed
C	22	2021/2020	Inadequate Internal Audit Function
D	22	2021/2016	Weaknesses in Computer Inventory Controls

**WESTERN ILLINOIS UNIVERSITY**  
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**STATE COMPLIANCE EXAMINATION**  
For the Year Ended June 30, 2022

**EXIT CONFERENCE**

Findings 2022-001 through 2022-007 and their associated recommendations appearing in this report were discussed with University personnel at an exit conference on June 15, 2023.

Attending were:

Western Illinois University

Dr. Guiyou Huang	President
Dr. Manoochehr Zoghi	Provost and Vice President for Academic Affairs
Dr. Amber Evans	Vice President for Enrollment Management
Ms. Shannon Sutton	Interim Vice President for Finance and Administration
Ms. Ketra Roselieb	Executive Director of Financial Affairs
Ms. Deanna Eden	Assistant Comptroller
Ms. Kaitlin Denney	Accounting Specialist
Ms. Roberta Smith	Director of Financial Aid
Mr. Robert Emmert	Director, Business Applications and User Support Services
Mr. Gregory Kain	Executive Director, University Technology (CIO)
Ms. Rita Moore	Director, Internal Auditing

Office of the Auditor General

Ms. Kathy Lovejoy	Principal of IS Audits
Ms. Stacie Sherman	Audit Manager

Plante Moran

Mr. Steven Bishop	Partner
Ms. Vicki VanDenBerg	Partner
Ms. Britni McDole	Sr. Manager
Mr. Jeff Pohler	Manager

The response to the recommendation for Finding 2022-001 was provided by Ms. Ketra Roselieb, Executive Director of Financial Affairs, in a correspondence dated February 21, 2023. The response to the recommendation for Finding 2022-002 was provided by Ms. Ketra Roselieb, in a correspondence dated March 17, 2023. The responses to the recommendations for Findings 2022-003 through 2022-007 were provided by Ms. Ketra Roselieb, in a correspondence dated June 14, 2023.



**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  
Western Illinois University

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by Western Illinois 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, 2022. 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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Western Illinois University

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, 2022. As described in the accompanying Schedule of Findings as items 2022-001 through 2022-002, 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, 2022, 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 2022-003 through 2022-007.

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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Western Illinois University

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 a material weakness 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 2022-001 and 2022-002 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 2022-003 through 2022-007 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.

### **Signature on File**

Cincinnati, OH  
June 27, 2023

**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS**  
For the Year Ended June 30, 2022

**2022-001. Finding: Inadequate Internal Controls over Census Data**

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

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

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 pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 financial statements.

During testing, we noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.
- During our cut-off testing of data transmitted by the University to SURS, we noted 8 instances of an active employee becoming inactive or part-time and 1 instance of an inactive employee becoming retired were reported to SURS after the close of the fiscal year in which the event occurred.

**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2022

**2022-001. 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 2021.

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.

University officials indicated the base year reconciliation process was not established until Fiscal Year 2021, which is currently being performed by University staff. In addition, they indicated the late reported events were due to the difficulty in timely reporting events which occur near the end of the fiscal year to SURS.

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

**RECOMMENDATION**

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

Further, 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.

**UNIVERSITY RESPONSE**

The University agrees with the finding and has submitted all data to SURS as part of a baseline reconciliation process. Once this baseline is established and complete, an annual reconciliation process will be created and enacted moving forward.

**WESTERN ILLINOIS UNIVERSITY**  
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**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2022

**2022-002. Finding: Inadequate Internal Control over Student Enrollment Reporting**

Federal Agency: U.S. Department of Education

CFDA Number: 84.063, 84.268

Program Expenditures: \$42,889,579

Program Name: Federal Pell Grant Program, Federal Direct Student Loans

Award Number(s): P063P201391, P063P211391, P063P221391, P268K201391, P268K211391, and P268K221391

Questioned Costs: None

Western Illinois University (University) did not have adequate procedures in place to complete accurate and timely enrollment reporting for all students within the required time period.

During our testing of Pell or Direct Loan borrowers that had a reduction or increase in attendance levels at the University, we noted 4 out of 40 (10%) students whose program-level record was not updated to reflect student's program enrollment status. Additionally, we noted 29 out of 40 (73%) students whose campus-level record and program-level record were not updated within the required time frame, ranging from 6-40 days late. The sample was not a statistically valid sample.

The University is required to accurately report significant data elements under the program level-record that the Department of Education considers high risk, including program enrollment status. The University is also required to report enrollment reporting changes no less than every 60 days. During the year, there were underlying problems with how program-level data was being submitted to the National Student Clearinghouse (NSC), resulting in program enrollment status changes not being reported for 4 students. Noted, while the University had a policy in place to ensure enrollment reporting for degree confirmations was being submitted to the NSC at least every 30 days, there was a flaw in the University's process that caused degree confirmations submitted to the NSC to be overridden with other student enrollment information, prior to information being reported from the NSC to National Student Loan Data System (NSLDS), resulting in enrollment reporting changes to be reported greater than 60 days after program enrollment effective date.

For the Federal Pell Grant Program, 34 CFR Section 690.83(b)(2) requires an institution to submit in accordance with deadline dates established by the secretary, through publication in the Federal Register, other reports and information the secretary requires and shall comply with the procedures the secretary finds necessary to ensure that the reports are correct.

For the Federal Direct Student Loans, 34 CFR Section 685.309(b) requires changes in student status to be reported to the NSLDS within 30 days of the change or included in a Student Status Confirmation Report (SSCR) sent to the NSLDS within 60 days of the status change.

**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2022

**2022-002. Finding: Inadequate Internal Control over Student Enrollment Reporting (continued)**

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

University officials indicated the University did not have adequate procedures in place to ensure all required program-level data was being reported to NSLDS via NSC due to a flaw in their process causing degree confirmations to be overridden with other enrollment information prior to submission. The University did not have an appropriate enrollment reporting timeline to ensure student status changes were reported in the required time frame.

Without sufficient controls around enrollment reporting there is a greater risk that student enrollment data will not be reported accurately or timely. Inaccurate or untimely reporting of student enrollment data can result in inconsistencies between the University's records and the National Students Loan Data System as well as potential delays in the repayment of federal loans. (Finding Code No. 2022-002)

**RECOMMENDATION**

We recommend the University implement controls to ensure that all program level detail is being appropriately reported through NSC to NSLDS and that submissions of degree confirmations to NSC are appropriate to ensure enrollment status changes are reported at least every 60 days. We also recommend these controls be monitored to ensure that all necessary information is reported within the required time frame.

**UNIVERSITY RESPONSE**

The University agrees with the finding. The University's procedures between multiple departments lacked a collaboration on the timing of reports to NSLDS via NSC for degree confirmations. This procedural change has been identified and will be implemented moving forward. In addition, adequate procedure changes have also been identified as it relates to program-level reporting and will be implemented to ensure compliance.

**WESTERN ILLINOIS UNIVERSITY**  
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**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2022

**2022-003. Finding: Noncompliance with the University Guidelines on Excess Funds**

Western Illinois University (University) did not adequately comply with the *University Guidelines* on remittance of excess funds.

During our testing of the University's compliance with the *University Guidelines*, we noted the University complied with the requirement to calculate excess funds on indirect cost, auxiliary enterprises and accounting entities but failed to remit amounts due to the Income Fund for the following funds:

Indirect Cost	\$	2,560,507
Public Service		1,140,522
Instructional Resources		1,075,563
University Publication		9,390
University Services		184,909
Parking Operations		<u>693,533</u>
Total	\$	<u>5,664,424</u>

This condition was first noted during the compliance examination for the year ended June 30, 2016. Sufficient corrective action has not been implemented by the University to ensure compliance with the *University Guidelines* on remittance of excess funds.

The *University Guidelines* (Chapter I, Section H and Chapter IV, Section D, Part 1) states the University shall remit any excess funds for deposit in the Income Fund no later than 45 days after the close of the lapse period.

University officials stated, as they did in the prior year, due to continuing a conservative fiscal approach, the University deferred necessary expenses that resulted in excess funds in the respective indirect cost and entity funds. The University did not remit these excess funds as part of their strategy of managing resources.

Failure to remit the excess funds resulted in noncompliance with the *University Guidelines*. (Finding Code No. 2022-003, 2021-004, 2020-006, 2019-003, 2018-003, 2017-003, 2016-004)

**RECOMMENDATION**

We recommend the University continue to monitor the activities of each accounting entity and ensure compliance with all requirements of the *University Guidelines*.

**UNIVERSITY RESPONSE**

The University agrees with the finding. The University will continue to monitor the activities of each accounting entity and make a decision on remitting excess funds based on the University's current resources.



**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2022

**2022-004. Finding: Noncompliance with the University Guidelines on Subsidies**

Western Illinois University (University) subsidized operations of University activities between accounting entities during Fiscal Year 2022. Activities are functions which are self-supporting in whole or in part, which are directly related to instructional, research or service units.

During our testing of compliance with the *University Guidelines*, we noted the following University accounting entities had negative cash balances at the end of the fiscal year:

<b>Accounting Entity</b>	<b>Beginning Balance</b>	<b>Ending Balance</b>
Student Programs and Services	\$ (5,262,280)	\$ (6,110,879)
University Stores and Services	(432,508)	(421,909)

A negative cash balance is, in effect, an unrecorded interfund payable/receivable, thereby causing a subsidy between funds to occur. The Student Programs and Services administer receipts and disburse funds for student activities, organizations and services, and the University Stores and Service Centers operate stores and maintenance service centers for all units of the University. As of June 30, 2022, these accounting entities had accounts receivable and inventories totaling \$576,024 for the Student Programs and Services and \$1,026,999 for the University Stores and Services.

This condition was first noted during the compliance examination for the year ended June 30, 2012. Sufficient corrective action has not been implemented by the University to ensure subsidies between accounting entities did not occur during the current year.

The *University Guidelines* (Chapter III, Section D, Part 1) states, “There shall be no subsidies between accounting entities. Subsidies include cash advances and interfund payables/receivables outstanding for more than one year.”

University officials stated, as they did in the prior year, current year revenues generated by the entity exceeded operational costs. However, the prior year deficit continues to exist, leading to the subsidy between accounting entities.

Subsidies between accounting entities result in other accounting entities incurring unrelated costs to fund operations of entities with negative cash balances. (Finding Code No. 2022-004, 2021-005, 2020-007, 2019-004, 2018-004, 2017-004, 2016-006, 2015-007, 2014-006, 2013-006, 12-9)

**RECOMMENDATION**

We recommend the University continue to annually review the activities of each accounting entity, ensure fees charged for services are sufficient to cover expenditures, and take appropriate corrective actions to ensure subsidies between accounting entities do not continue.

**WESTERN ILLINOIS UNIVERSITY**  
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**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2022

**2022-004. Finding: Noncompliance with the *University Guidelines on Subsidies*  
(continued)**

**UNIVERSITY RESPONSE**

The University agrees with the finding. The University will continue to monitor all accounting entities for negative trends and take corrective actions as necessary.

**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2022

**2022-005. Finding: Lack of Adequate Controls over the Review of Internal Controls over Service Providers**

Western Illinois University (University) had weaknesses regarding the review of independent internal control reviews over its service providers.

We requested the University provide a listing of its service providers utilized, System and Organization Control (SOC) Reports reviewed, and a review of Complementary User Entity Controls (CUECs) as documented. However, the University was not able to provide a complete listing of service providers.

Due to these conditions, 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 (AT-C § 205.36).

Even given the population limitations noted above, we performed testing of the service providers identified by the University to have a SOC report.

The University utilized various service providers to provide:

- Credit card processing,
- Online classes,
- Emergency alert system,
- Email,
- Office Suite, and
- Work order system.

Our testing of the controls over seven service providers noted the University had not:

- Obtained SOC reports for four (57%) service providers
- Reviewed the three SOC reports received to determine the impact of noted deviations or opinion modifications.
- Analyzed the CUECs documented in the SOC reports received.
- Analyzed the subservice organizations or performed alternative procedures to determine the impact on its internal control environment documented in SOC reports received.

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

**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2022

**2022-005. Finding: Lack of Adequate Controls over the Review of Internal Controls over Service Providers (continued)**

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

University management indicated staff turnover and other priorities affected the update of the process in place for identifying service providers, obtaining and reviewing SOC Reports, CUECs and subservice organizations.

Without maintaining a complete list of service providers and proper documentation of its review of the SOC report and CUECs relevant to the University, the University does not have assurance the service provider's internal controls are adequate. (Finding Code No. 2022-005, 2021-008, 2020-010, 2019-006, 2018-006)

**RECOMMENDATION:**

We recommend the University strengthen its controls to ensure all service providers are identified. In addition, we recommend the University:

- Obtain and document the review of SOC reports and the impact of modified opinions and noted deviations.
- 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.

**UNIVERSITY RESPONSE:**

The University agrees with this finding. The University understands the importance of strengthening controls over service providers and, will continue to review policies and procedures related to SOC reports.

**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2022

**2022-006. Finding: Weaknesses in Cybersecurity Programs and Practices**

Western Illinois University (University) did not maintain adequate internal controls related to its cybersecurity programs, practices and control of confidential information.

The University carries out its mission through the use of Information Technology (IT), including various applications, which contain confidential or personal information such names, addresses, social security numbers and bank account numbers.

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 a cybersecurity plan.
- Required employees and contractors to acknowledge receipt of obtaining and understanding of the security policies during onboarding and thereafter on an annual basis.
- Provided security awareness training to employees and contractors.
- Performed a comprehensive cybersecurity risk assessment during the fiscal year to identify and ensure adequate protection of information.
- Developed a risk management methodology or implemented risk reducing internal controls.
- Developed procedures to classify its data to identify and ensure adequate protection of information according to a data classification methodology.

The *Framework for Improving Critical Infrastructure Cybersecurity* (Framework) published by the National Institute of Standards and Technology (NIST) requires the implementation of the Framework to develop an organizational understanding to manage cybersecurity risk to systems, people, assets, data, and capabilities and implement appropriate safeguards, and activities to identify, detect and respond to any cybersecurity event or incident.

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 the issues were due to staffing constraints and competing priorities.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the University's volumes of confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code: 2022-006, 2021-009)

**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2022

**2022-006. Finding: Weaknesses in Cybersecurity Programs and Practices (continued)**

**RECOMMENDATION:**

We recommend the University:

- Develop a cybersecurity plan.
- Require employees and contractors to acknowledge receipt of obtaining and understanding of the security policies during onboarding and thereafter on an annual basis.
- Provide security awareness training to employees and contractors annually.
- Perform a comprehensive cybersecurity risk assessment to identify and ensure adequate protection of information.
- Develop a risk management methodology and implement risk reducing internal controls.
- Develop procedures to classify its data to identify and ensure adequate protection of information according to a data classification methodology.

**UNIVERSITY RESPONSE:**

The University agrees with this finding. The University has reviewed all technology policies during the fiscal year 2022 and is in the process of developing cybersecurity training for new and existing employees. In general, the University continue to make significant improvement towards compliance.

**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS (CONTINUED)**  
For the Year Ended June 30, 2022

**2022-007. Finding: Weaknesses with Payment Card Industry Data Security Standards**

Western Illinois University (University) had weaknesses regarding completion of the annual Self-Assessment Questionnaire (SAQ) for Payment Card Industry Data Security Standards (PCI DSS) compliance requirements.

During our examination of the University's PCI compliance program, we noted the University had not completed their SAQ and associated Attestation of Compliance (AOC).

Any organization that stores, process, or transmits cardholder data or could affect the security of cardholder data is required to attest to their compliance with the PCI DSS on an annual basis. As the University accepts branded credit cards, they are required to complete applicable SAQ(s) each year.

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 a lack of oversight of annual SAQ requirements resulted in the SAQ not being completed.

The lack of completing an SAQ makes the University out of compliance with the PCI DSS and potentially puts them at risk of being fined by their acquiring bank or having their ability to accept credit cards revoked. Additionally, there is an increased risk in failure of a control that protects cardholder data entrusted to the University. (Finding Code No. 2022-007)

**RECOMMENDATION:**

We recommend the University implement procedures to ensure the SAQ and AOC are completed and reviewed on an annual basis.

**UNIVERSITY RESPONSE:**

The University agrees with this finding. The University will continue to make our compliance a priority as it relates to the implementation of PCI Security Standards.

**WESTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**PRIOR FINDINGS NOT REPEATED**  
For the Year Ended June 30, 2022

A. **FINDING** Failure to Apply Appropriate Generally Accepted Accounting Principals

During the prior audit period, the Western Illinois University (University) did not properly record several transactions and, as a result, did not properly apply the appropriate generally accepted accounting principles (GAAP) to their financial statement reporting process.

During the current audit period, our sampling and testing did not identify transactions in which the University did not properly apply generally accepted accounting principles. (Finding Code No. 2021-002)

B. **FINDING** Information Technology Risk Assessment Not Performed

During the previous audit period, the Western Illinois University (University) did not document the Gramm-Leach-Bliley Act (GLBA) required risk assessments related to student information security.

During the current audit period, our testing indicated the University completed the required risk assessments. (Finding Code No. 2021-003, 2020-002)

C. **FINDING** Inadequate Internal Audit Function

During the prior audit period, Western Illinois University (University) failed to adhere to provisions in the Fiscal Control and Internal Auditing Act (FCIAA) and International Standards for the Professional Practice of Internal Auditing (IPPIA Standards).

During the current year audit period, our testing indicated the University complied with the provisions of the FCIAA and the IPPIA Standards. (Finding Code No. 2021-006, 2020-008)

D. **FINDING** Weaknesses in Computer Inventory Controls

During the prior audit period, Western Illinois University (University) had weaknesses in computer inventory controls. The University was unable to locate 18 computers and other related computer equipment during their annual inventory.

During the current audit period, the University received an extension for submitting the annual certification of inventory until March 2023 and therefore testing was not performed. (Finding Code No. 2021-007, 2020-009, 2019-005, 2018-005, 2017-005, 2016-007)