



GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
FEDERAL SINGLE AUDIT
In Accordance with the Single Audit Act and Applicable Federal Regulations
For the Year Ended June 30, 2023

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

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
FEDERAL SINGLE AUDIT
In Accordance with the Single Audit Act and Applicable Federal Regulations
For the Year Ended June 30, 2023

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UNIVERSITY OFFICIALS

President	Dr. Cheryl F. Green
Vice President for Administration and Finance	Dr. Corey S. Bradford
General Counsel and Vice President	Ms. Therese Nohos
Chief Internal Auditor	Mr. Kristoffer Evangelista, CPA
Associate Vice President for Finance	Ms. Villalyn Baluga, CPA

OFFICERS OF THE UNIVERSITY BOARD OF TRUSTEES

Chairman (August 5, 2022 to Present)	Ms. Angela Sebastian
Chairman (July 1, 2022 to August 4, 2022)	Ms. Lisa Harrell
Vice Chairman	Mr. Kevin Brookins
Secretary	Mr. James Kvedaras

UNIVERSITY BOARD OF TRUSTEES

Trustee (July 1, 2022 to Present)	Ms. Lluvia Hernandez-Aguirre, Student
Trustee (October 20, 2023 to Present)	Ms. Stacy Crook
Trustee (January 14, 2023 to October 19, 2023)	Vacant
Trustee (July 1, 2022 to January 13, 2023)	Mr. Pedro Cevallos-Candau
Trustee	Mr. Kevin Brookins
Trustee	Mr. John Brudnak
Trustee (November 27, 2023 to Present)	Ms. Karen Nunn
Trustee (January 2023 to November 26, 2023)	Vacant
Trustee (July 1, 2022 to January 2023)	Ms. Lisa Harrell
Trustee	Ms. Angela Sebastian
Trustee	Mr. James Kvedaras
Trustee	Mr. Anibal Taboas

UNIVERSITY OFFICE

1 University Parkway
University Park, Illinois 60484

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FEDERAL COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this audit of the Governors State University (University) was conducted in accordance with the Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Guidance Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance)*, and *Government Auditing Standards*.

AUDITOR’S REPORT

The Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards, and the Schedule of Federal and Nonfederal Activity does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	5	3
Repeated Findings	1	3
Prior Recommendations Implemented or Not Repeated	2	2

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Finding – Government Auditing Standards				
2023-001	12	New	Weaknesses in Change Control Processes	Significant Deficiency and Noncompliance
Current Findings – Federal Compliance and Questioned Costs				
2023-002	14	2022/2021	Enrollment Reporting	Significant Deficiency and Noncompliance
2023-003	16	New	Noncompliance with Gramm-Leach-Bliley Act	Significant Deficiency and Noncompliance

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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>
2023-004	19	New	Inadequate Controls over Payroll Expenditures and Noncompliance with Allowable Cost & Cost Principles Requirements Applicable to the Head Start Cluster	Significant Deficiency and Noncompliance
2023-005	22	New	Failure to File Real Property Status Report	Noncompliance

Prior Findings Not Repeated

A	24	2022/2020	Inadequate Internal Controls Over Census Data
B	24	2022/2016	Federal Perkins Loan Cohort Default Rate Too High

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Ms. Villalyn Baluga, Associate Vice President for Finance, on March 18, 2024. The responses to the recommendations were provided by Ms. Villalyn Baluga, Associate Vice President for Finance, in a correspondence dated March 15, 2024.



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Governors State University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component unit of Governors State University (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements, and we have issued our report thereon dated March 20, 2024. Our report includes a reference to other auditors who audited the financial statements of the Governors State University Foundation, as described in our report on the University’s financial statements. The financial statements of the Governors State University Foundation were not audited in accordance with Government Auditing Standards and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Governors State University Foundation or that are reported on separately by those auditors who audited the financial statements of the Governors State University Foundation.

Report on Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the University’s internal control as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, 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.

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, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

University’s Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the University’s response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The University’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
March 20, 2024



INDEPENDENT AUDITOR’S
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND,
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE, AND
THE SCHEDULE OF FEDERAL AND NONFEDERAL FINANCIAL ACTIVITY

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Governors State University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

As Special Assistant Auditors for the Auditor General, we have audited compliance by Governors State University (University) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University’s major federal programs for the year ended June 30, 2023. The University’s major federal programs are identified in the Summary of Auditor’s Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards

and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The University's basic financial statements include the operations of Governors State University Foundation, a component unit of the University, which is not included in the University's Schedule of Expenditures of Federal Awards during the year ended June 30, 2023. Our compliance audit, described in the "Opinion on Each Major Federal Program," does not include the operations of the component unit because the component unit engaged other auditors to perform an audit of their financial statement.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the

compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Instances of Noncompliance

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002 through 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Corrective Action Plan

The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as described below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing

their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2023-002 through 2023-004 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Internal Control Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Corrective Action Plan

The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and the Schedule of Federal and Nonfederal Financial Activity

We have audited the financial statements of the business-type activities of Governors State University and its discretely presented component unit as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon, dated March 20, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. In addition, the accompanying Schedule of Federal and Nonfederal

Financial Activity is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Federal and Nonfederal Financial Activity is fairly stated in all material respects in relation to the basic financial statements as a whole.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
March 20, 2024

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR'S RESULTS
For the Year Ended June 30, 2023

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Type of auditor's report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 C.F.R. § 200.516(a)? Yes No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.268, 84.063, 84.038, 84.033, 84.007, 84.379, 93.925, 93.264	Student Financial Assistance Cluster
84.425, 84.425F, 84,425M, 84.425C, 84.425D	Education Stabilization Fund
93.600	Head Start Cluster

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as a low-risk auditee? Yes No

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDING – GOVERNMENT AUDITING STANDARDS

2023-001. **FINDING** (Weaknesses in Change Control Processes)

Governors State University (University) did not have adequate controls around its change control process and had not adequately controlled developer access to its production environment.

The University established a change management process describing the process from initiation until post-implementation review. However, during the review of the University’s change control policies and procedures, we noted the following:

- The change policy did not describe testing and documentation requirements for each type of change.
- One (2%) of 46 changes was deployed to the production environment prior to obtaining the Change Control Board’s approval.
- Developers had access to the production environment, resulting in a segregation of duties weakness.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Configuration Management and System and Communication Protection sections, requires entities to develop and document control over changes, for changes to follow the documented controls and developers’ access to the production environment is restricted.

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 with proper segregation of duties to provide assurance that resources are utilized efficiently and effectively.

Also, the University’s Information Technology Services (ITS) Change Control Process for two-cycle changes requires the approval of the Change Control Board prior to deployment.

University officials stated these exceptions were due to resource constraints and competing priorities. Further, University officials stated the one change completed without approval was due to a misunderstanding on the part of the employee.

Failure to establish adequate controls and documentation around the change control process and obtaining proper approvals from the Change Control Board, may lead to the University being unable to monitor and ensure only valid, authorized changes are deployed in the University’s Information Technology environment. Also, allowing developers to access the production environment results in segregation of duties weakness and increases the risk of unauthorized changes being made to the computing system. (Finding Code No. 2023-001)

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDING – GOVERNMENT AUDITING STANDARDS

2023-001. **FINDING** (Weaknesses in Change Control Processes) (Continued)

RECOMMENDATION

We recommend the University update its policies and procedures to describe testing and documentation requirements for each type of change.

Further, we recommend the University strengthen controls to ensure proper segregation of duties are established by restricting developers’ access to the production environment and ensure Change Control Board’s approval is obtained prior to deploying changes to the production environment.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University’s Office of Information Technology Services (ITS) takes pride in the culture of compliance that has been established around the change control process. The University has existing procedures in place to identify and document noncompliance with the established change control procedures. The one instance of change that was deployed to the production environment prior to obtaining approval has been subsequently identified and discussed in one of the ITS Change Control Board meetings, and has been documented in the related meeting minutes. ITS will update the change control procedures to more explicitly specify the requirements for testing and documentation.

Regarding the issue noted on segregation of duties, the ITS Applications team has implemented a process whereupon the individual installing changes in production is different from the individual installing changes in test. Since the auditors determined that this process is not sufficient, ITS leadership will evaluate alternatives and request additional department funding to implement a more rigorous solution.

GOVERNORS STATE UNIVERSITY
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2023-002. **FINDING** (Enrollment Reporting)

Federal Department:	U.S. Department of Education
Assistance Listing Number:	84.268
Cluster Name:	Student Financial Assistance Cluster
Program Name:	Federal Direct Student Loans
Award Numbers:	P268K230567, P268K220567
Questioned Cost:	None
Program Expenditures:	\$21,864,079
Cluster Expenditures:	\$33,549,307

Governors State University (University) did not timely report student enrollment information to the U.S. Department of Education’s National Student Loan Data System (NSLDS).

During our audit, we tested 33 students who experienced a change in enrollment status during the fiscal year. Our testing identified two students (6%) whose enrollment status change was not reported timely to the NSLDS. The student enrollment status changes were reported 236 and 353 days late after the date of occurrence. The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (34 CFR 685.309) requires the University, upon the receipt of an enrollment report from the Secretary, to update all information included in the report and return the report to the Secretary within the timeframe prescribed by the Secretary. It further requires the University to report enrollment changes within 30 days unless a roster file is expected within 60 days, in which case the enrollment data may be updated on that roster file. The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving federal awards establish and maintain internal controls designed to reasonably ensure compliance with federal statutes, regulations, and terms and conditions of the federal award. Effective internal controls should include procedures to ensure timely student enrollment status reports are submitted to NSLDS.

University officials stated the students noted were granted administrative withdrawal for a single course after the semester (the students registered for) ended, which resulted in a change of enrollment from Full-time to Three-Quarters of a Time. The University reports enrollment status changes to NSLDS through the National Student Clearinghouse (NSC), a third-party servicer. Changes to enrollment that occur after the term has been reported will not be updated in NSLDS by changes made by the University in NSC. Those enrollment changes need to be updated directly in the NSLDS enrollment history update function.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2023-002. **FINDING** (Enrollment Reporting) (Continued)

Enrollment reporting in a timely manner is critical for effective management of the student financial aid programs. Noncompliance with enrollment reporting regulations may result in a loss of future federal funding. (Finding Code No. 2023-002, 2022-002, 2021-003)

RECOMMENDATION

We recommend the University improve its procedures to ensure timely reporting of student enrollment status to the NSLDS.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has already identified a method to report directly to NSLDS all enrollment changes occurring after the end of the term. The University will continue to update timely the NSLDS enrollment history as needed when the situation of late withdrawals occurs beyond the reporting dates.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2023-003. **FINDING** (Noncompliance with Gramm-Leach-Bliley Act)

Federal Department:	U.S. Department of Education, U.S. Department of Health and Human Services
Assistance Listing Number:	84.038, 84.033, 84.007, 84.063, 84.268, 84.379, 93.925, 93.264
Cluster Name:	Student Financial Assistance Cluster
Program Name:	Federal Perkins Loan Program, Federal Work-Study Program, Federal Supplemental Educational Opportunity Grants, Federal Pell Grant Program, Federal Direct Student Loans, Teacher Education Assistance for College and Higher Education Grants, Scholarships for Health Professions Students from Disadvantaged Backgrounds, and Nurse Faculty Loan Program
Award Numbers:	P033A221156, P033A211156, P033A171156, P007A221156, P007A211156, P063P220567, P063P210567, P268K230567, P268K220567, P379T230567, P379T220567, 5 T08HP39308-03-00, and E01HP27019
Questioned Cost:	None
Program Expenditures:	\$2,474,974; \$503,715; \$265,650; 7,216,654, \$21,864,079; \$25,930; \$576,000; \$622,305
Cluster Expenditures:	\$33,549,307

Governors State University (University) did not establish a written incident response plan designed to promptly respond to, and recover from, any security event materially affecting the confidentiality, integrity, or availability of customer information in their control.

During our audit, we noted the University was unable to complete the development of the written incident response plan as of the end of the audit period.

On December 9, 2021, the Federal Trade Commission issued final regulations to amend the Standards for Safeguarding Customer Information (Safeguards Rule), an important component of the Gramm-Leach-Bliley Act’s (GLBA) requirements for protecting the privacy and personal information of consumers.

The Code of Federal Regulations (16 CFR 314.4 (h)) requires the University to develop, implement and maintain an information security program which includes establishing a written incident response plan designed to promptly respond to, and recover from, any security event

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2023-003. **FINDING** (Noncompliance with Gramm-Leach-Bliley Act) (Continued)

materially affecting the confidentiality, integrity, or availability of customer information in its control.

At a minimum, such incident response plan shall address the following areas:

- the goals of the incident response plan;
- the internal processes for responding to a security event;
- the definition of clear roles, responsibilities, and levels of decision-making authority;
- external and internal communications and information sharing;
- identification of requirements for the remediation of any identified weaknesses in information systems and associated controls;
- documentation and reporting regarding security events and related incident response activities; and
- the evaluation and revision as necessary of the incident response plan following a security event.

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

University officials stated the University has started the process of developing the written incident response plan but has not been completed to date due to resource constraints and competing priorities.

The intent of the GLBA Safeguards Rule is to enhance security over confidential information. Without a documented response to all applicable requirements, the University is more susceptible to vulnerabilities as it relates to protecting the privacy and personal information of students than it will be following full implementation. (Finding Code No. 2023-003)

RECOMMENDATION

We recommend the University continue towards completion and full implementation of the written incident response plan.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2023-003. **FINDING** (Noncompliance with Gramm-Leach-Bliley Act) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University is currently drafting the incident response plan and is working to secure a contract with an incident response firm. Additionally, the University recently hired an Information Security Analyst, a newly created position designed to address smaller-scale alerts and incidents.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2023-004. **FINDING** (Inadequate Controls over Payroll Expenditures and Noncompliance with Allowable Cost & Cost Principles Requirements Applicable to the Head Start Cluster)

Federal Department:	U.S. Department of Health and Human Services
Assistance Listing Number:	93.600
Cluster Name:	Head Start Cluster
Program Name:	Early Head Start
Award Numbers:	05CH011351-03-02, 05CH011351-04-03
Questioned Cost:	Known (\$37,377)
Program Expenditures:	\$985,732
Cluster Expenditures:	\$1,026,985

The Governors State University (University) did not have adequate controls over payroll expenditures and did not comply with the allowable cost and cost principles requirements applicable to the Head Start Cluster.

During our testing of Head Start Cluster payroll expenditures amounting to \$555,569, we noted the following:

- There was no periodic reconciliation performed between the amount actually worked on the grant (i.e. certified time and effort reports) against payroll expenditures to ensure the amount charged to the grant was accurate. Payroll expenditures for five (5) of twelve (12) employees tested were charged to the Early Head Start program using incorrect time and effort rates. The actual amounts charged to the grant were less than computed payroll expenditures using the certified time and effort rates. These differences were not adjusted at year-end to ensure the accuracy of the accounting records and schedule of expenditures of federal awards. The questioned costs were (\$37,377). The sample was not intended to be, and was not, a statistically valid sample.
- Our testing of payroll expenditures identified 12 instances out of 12 employees tested who worked on multiple federal awards and/or nonfederal awards lacked appropriate supporting documentation to account for 100% actual time and effort certification of the employees for each reporting period to provide a basis to reconcile with payroll distribution used in charging these awards. The University’s time and effort certification shows only the percentage of effort for each employee on a specific grant. As a result, we were unable to ascertain the accuracy of the payroll expenditure charged as a whole. The sample was not intended to be, and was not, a statistically valid sample.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2023-004. **FINDING** (Inadequate Controls over Payroll Expenditures and Noncompliance with Allowable Cost & Cost Principles Requirements Applicable to the Head Start Cluster) (Continued)

The Code of Federal Regulations (Code) (2 CFR 200.303) requires the University establish and maintain effective internal control over the federal award that provides reasonable assurance the University is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure that there is reconciliation between the compensation for personal services charged to the agreement and the amount actually worked on the agreement.

The Code (2 CFR 200.430) states charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed and must support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one federal award; a federal award and nonfederal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

The University's effort reporting guidelines requires the University to have a periodic review of the salary distribution system to confirm the reasonableness of the charges to the federal projects. In addition, the University is required to review, update, and prepare salary reallocations, and if necessary, make appropriate changes to the effort reports and certify reports on a quarterly basis to ensure that the salaries charged to federally sponsored projects are reasonable and consistent with the portion of activity committed to projects. The effort report must represent, in percentages totaling 100%, a reasonable estimate of an employee's University compensated effort for the period.

University officials stated the reconciliation process for time and effort reports is in place; however, staffing constraints resulted in some delays in the reconciliation process. The Early Head Start program is a calendar year grant that runs from January through December. The necessary adjustments to correct the differences noted for 2023 were made by the University after fiscal year end, but within the grant's budget period. University officials stated 100% of work is captured on Human Resource and workflow records but not on the certification forms.

Failure to accurately charge sponsored agreements for the equitable distribution of employee compensation may result in federal expenditures being disallowed and could jeopardize future federal funding. (Finding Code No. 2023-004)

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2023-004. **FINDING** (Inadequate Controls over Payroll Expenditures and Noncompliance with Allowable Cost & Cost Principles Requirements Applicable to the Head Start Cluster) (Continued)

RECOMMENDATION

We recommend the University timely reconcile payroll and ensure employees certify 100% of time worked to allow for adequate application of allowable cost and cost principles requirements for the Head Start Cluster.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has updated its process to collect time and effort information on a semi-annual basis rather than quarterly, which relieves some burden from staff, but still complies with federal regulations. By collecting time and effort information on a semi-annual basis, staff will have more time to reconcile time and effort against actual payroll expenditures. The University has also redesigned the time and effort collection form to show the 100% distribution of work. Further, the University now has a full-time financial research administrator who will help ensure that payroll-related adjustments are done timely. The financial research administrator will work with the Early Head Start program management to ensure that the related payroll reports are reviewed and reconciled timely, in accordance with existing University procedures.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2023-005. **FINDING** (Failure to File Real Property Status Report)

Federal Department:	U.S. Department of Health and Human Services
Assistance Listing Number:	93.600
Cluster Name:	Head Start Cluster
Program Name:	Early Head Start
Award Numbers:	05CH011351-03-02, 05CH011351-04-03
Questioned Cost:	None
Program Expenditures:	\$985,732
Cluster Expenditures:	\$1,026,985

Governors State University (University) failed to submit the required annual real property status report (SF-429).

During our audit, we identified the University did not submit the calendar year 2022 SF-429 report. The SF-429 report must be submitted by all grantees on the same date the grantee’s SF-425 Final Federal Financial Report for the budget period is due.

Grantees must act in compliance with the requirements of this grant and applicable federal statutes, regulations, and policies as included in the Compendium of Program Instructions and Information Memoranda. The Office of Head Start has issued Program Instruction Log Number ACF-PI-HS-17-03 which requires all grantees, including those with no covered real property, to prepare and submit SF-429 with Attachment A on an annual basis at the same time as their annual SF-425 Federal Financial Report. The Program Instruction Log Number ACF-PI-HS-17-03 is required in accordance with the Code of Federal Regulations (Code) (45 CFR 75.343).

The Code (45 CFR 75.343) requires nonfederal entities to submit reports periodically dependent on time frame on the status of real property in which the federal government retains an interest.

Additionally, the Code (2 CFR 200.303) requires nonfederal entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure reports are submitted timely.

University officials stated the SF-429 report was inadvertently not submitted as there was no real property acquired from the grant funds.

Failure to meet grant reporting requirements is a noncompliance with the related grant request for proposal and application agreement and could result in loss of grant funding in future years. (Finding Code No. 2023-005)

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

CURRENT FINDINGS – FEDERAL COMPLIANCE AND QUESTIONED COSTS

2023-005. **FINDING** (Failure to File Real Property Status Report) (Continued)

RECOMMENDATION

We recommend the University improve its procedures to ensure timely submission of required reports.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Existing procedures are already in place to ensure that required reports are submitted. As indicated in the finding above, this was just a misunderstanding on the part of the employee submitting the report as there was no real property acquired from the Early Head Start grant funds. The University believes that this matter did not have a direct and material effect on the University’s compliance with federal requirements.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

PRIOR FINDINGS NOT REPEATED

A. **FINDING** (Inadequate Internal Controls over Census Data)

During the prior audit, Governors State 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.

During the current audit, the University implemented controls over reporting of census data, including a reconciliation of data with the plans. Current year census data testing did not identify financially significant issues. The exceptions noted this year will be reported within the State Compliance Examination Report. (Finding Code No. 2022-001, 2021-001, 2020-001)

B. **FINDING** (Federal Perkins Loan Cohort Default Rate Too High)

During the prior audit, Governors State University (University) Federal Perkins loan cohort default rate was in excess of the threshold for administrative capability stipulated by the U.S. Department of Education.

During the current audit, our testing noted the University Federal Perkins loan cohort default rate was within the threshold for administrative capability stipulated by the U.S. Department of Education. (Finding Code No. 2022-003, 2021-005, 2020-002, 2019-005, 2018-008, 2017-003, 2016-006)

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor Program/Grant Title	Assistance Listing Number	Federal Project or Pass-Through Number	Pass-Through To Subrecipients	FY 2023 Expenditures
STUDENT FINANCIAL ASSISTANCE CLUSTER:				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Federal Direct Student Loans	(M) 84.268		\$ -	\$ 21,864,079
Federal Pell Grant Program	(M) 84.063		-	7,216,654
Federal Perkins Loan Program	(M) 84.038		-	2,474,974
Federal Work-Study Program	(M) 84.033		-	503,715
Federal Supplemental Educational Opportunity Grants	(M) 84.007		-	265,650
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	(M) 84.379		-	25,930
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>-</u>	<u>32,351,002</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Scholarships for Health Professions Students from Disadvantaged Backgrounds <i>Scholarships for Disadvantaged Students</i>	(M) 93.925		-	576,000
Nurse Faculty Loan Program (NFLP) <i>Nurse Faculty Loan Program</i>	(M) 93.264		-	622,305
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>-</u>	<u>1,198,305</u>
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			<u>-</u>	<u>33,549,307</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Education Stabilization Fund				
Passed through the Illinois State Board of Education <i>New Principal Mentoring Program</i>	(M) 84.425	586-28-2391-4998-F	-	59,001
COVID-19 - Education Stabilization Fund				
<i>COVID-19 - Education Stabilization Fund/Governors State University Higher Education Emergency Relief Fund (HEERF) - Institutional Portion</i>	(M) 84.425F		-	684,476
<i>COVID-19 - Education Stabilization Fund/Governors State University Higher Education Emergency Relief Fund (HEERF) - Strengthening Institutions Program (SIP)</i>	(M) 84.425M		-	424,064
Total COVID-19 - Education Stabilization Fund HEERF			<u>-</u>	<u>1,108,540</u>
Passed through the Illinois Board of Higher Education				
<i>COVID-19 - Education Stabilization Fund Program Governor's Emergency Education Relief Fund (GEERF)</i>	(M) 84.425C	21GEERGSU	-	100,662
<i>COVID-19 - Education Stabilization Fund Program Governor's Emergency Education Relief Fund (GEERF)</i>	(M) 84.425C	21RFP04	-	121,027
<i>COVID-19 - Coronavirus Response and Relief Supplemental Appropriations Act Governor's Emergency Education Relief Fund (GEERFII)</i>	(M) 84.425C	601-GEE-2200-GSU	-	288,004
Total COVID-19 - Education Stabilization Fund GEERF			<u>-</u>	<u>509,693</u>
Elementary and Secondary School Emergency Relief Fund				
Passed through the Illinois Board of Higher Education <i>Illinois Tutoring Initiative</i>	(M) 84.425D	22&23TUTORIPO-GSU	-	883,945
Total Education Stabilization Fund			<u>-</u>	<u>2,561,179</u>
Child Care Access Means Parents in School <i>CCAMPIS at Governors State University</i>	84.335A		-	88,499
Undergraduate International Studies and Foreign Language Programs <i>Making Spanish and Global Studies Accessible to All</i>	84.016A		-	54,711
Business and International Education Projects <i>Business and International Education Program</i>	84.153A		-	63,705
Fund for the Improvement of Postsecondary Education				
Passed through The Board of Trustees of the University of Illinois <i>Illinois SCOERs: Support for the Creation of Open Educational Resources</i>	84.116T	104953-19311	-	37,652
TOTAL U.S. DEPARTMENT OF EDUCATION			<u>-</u>	<u>2,805,746</u>

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor Program/Grant Title	Assistance Listing Number	Federal Project or Pass-Through Number	Pass-Through To Subrecipients	FY 2023 Expenditures
HEAD START CLUSTER:				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Head Start				
<i>Early Head Start</i>	(M) 93.600		-	985,732
<i>COVID-19 - Early Head Start</i>	(M) 93.600		-	13,029
<i>American Rescue Plan</i>	(M) 93.600		-	28,224
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	1,026,985
TOTAL HEAD START CLUSTER			-	1,026,985
TRIO CLUSTER:				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
TRIO Educational Opportunity Centers				
<i>Governors State University TRIO Educational Opportunities Centers Project</i>	84.066A		-	289,060
TOTAL U.S. DEPARTMENT OF EDUCATION			-	289,060
TOTAL TRIO CLUSTER			-	289,060
RESEARCH AND DEVELOPMENT CLUSTER:				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Centers for International Business Education				
Passed through the Trustees of Indiana University				
<i>Center for International Business Education Research (CIBER) 2018-2022</i>	84.220A	BL-4236302-GSU	-	11,285
Total Center for International Business Education Research			-	11,285
TOTAL U.S. DEPARTMENT OF EDUCATION			-	11,285
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Biomedical Research and Research Training				
Passed through the Board of Trustees of the University of Illinois				
<i>IRACDA at University of Illinois at Chicago</i>	93.859	18121	-	57,089
Family Smoking Prevention and Tobacco Control Act Regulatory Research				
Passed through the Regents of the University of Michigan				
<i>Center for the Assessment of the Public Health Impact of Tobacco Regulations</i>	93.077	SUBK00014316	-	8,682
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	65,771
<u>NATIONAL SCIENCE FOUNDATION</u>				
STEM Education (formerly Education and Human Resources)				
Passed through Chicago State University				
<i>Louis Stokes STEM Pathways and Research Alliances:</i>				
<i>The Illinois LSAMP STEM Pathway and Research Alliance (ILSPRA)</i>	47.076	53114	-	15,822
NSF Technology, Innovation, and Partnerships				
<i>NSF Engines Development Award: Advancing smart logistics (IL, IN, MO, WI)</i>	47.084		-	1,149
TOTAL NATIONAL SCIENCE FOUNDATION			-	16,971
TOTAL RESEARCH AND DEVELOPMENT CLUSTER			-	94,027
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Mental and Behavioral Health Education and Training Grants				
<i>Behavioral Health Workforce Education and Training (BHWET)</i>	93.732		-	346,490
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
<i>Module-Based Substance Use Disorders Training for Behavioral, Medical, and Allied Health Practitioners</i>	93.243		7,539	40,307
Block Grants for Prevention and Treatment of Substance Abuse				
Passed through the Illinois Department of Human Services				
<i>Block Grants for Prevention and Treatment of Substance Abuse</i>	93.959	43CAC00123	-	242,645
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			7,539	629,442

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor Program/Grant Title	Assistance Listing Number	Federal Project or Pass-Through Number	Pass-Through To Subrecipients	FY 2023 Expenditures
CHILDCARE AND DEVELOPMENT FUND CLUSTER:				
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Child Care and Development Block Grant Passed through the Illinois Board of Higher Education <i>Degree completion pathways for the early childhood incumbent workforce</i>	93.575	601-ECC-2200-GSU	-	515,426
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	515,426
TOTAL CHILDCARE AND DEVELOPMENT FUND CLUSTER			-	515,426
<u>U.S. DEPARTMENT OF TREASURY</u>				
Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) Passed through the Illinois Department of Commerce and Economic Opportunity <i>The American Rescue Plan Act/State Fiscal Recovery Fund Program</i>	21.027	21-417013	-	200,614
TOTAL U.S. DEPARTMENT OF TREASURY			-	200,614
<u>U.S. DEPARTMENT OF COMMERCE</u>				
Cluster Grants <i>Fostering Supply Chain and Logistics Innovation in Chicago Southland</i>	11.020		-	172,623
TOTAL U.S. DEPARTMENT OF COMMERCE			-	172,623
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Child and Adult Care Food Program Passed through the Illinois State Board of Education <i>Child and Adult Food Care Program</i>	10.558	56099527051	-	100,614
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	100,614
<u>U.S. NATIONAL ENDOWMENT FOR THE ARTS</u>				
Promotion of the Arts Grants to Organizations and Individuals <i>Importance of Arts Participation for the Sense of Belonging and Academic Outcomes of University Students of Color</i>	45.024		10,936	14,026
<i>Grants for Arts Projects, Presenting & Multidisciplinary Works</i>	45.024		-	45,000
TOTAL U.S. NATIONAL ENDOWMENT FOR THE ARTS			10,936	59,026
<u>U.S. SMALL BUSINESS ADMINISTRATION</u>				
Shuttered Venue Operators Grant Program <i>Shuttered Venue Operators Grant</i>	59.075		-	18,298
TOTAL U.S. SMALL BUSINESS ADMINISTRATION			-	18,298
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Body Worn Camera Policy and Implementation Passed through Justice & Security Strategies, Inc. <i>The Fiscal Year 2020 Supporting Small and Rural Agency Body-Worn Camera Policy and Implementation Program (SRA-BWC)</i>	16.835	28852146	-	8,500
TOTAL U.S. DEPARTMENT OF JUSTICE			-	8,500
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 18,475	\$ 39,469,668

(M) - Program was audited as a Major Program.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal grant activity of the State of Illinois, Governors State University (University) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because this schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - FEDERAL STUDENT LOAN PROGRAMS

The federal student loan programs listed subsequently are administered directly by the University and balances and transactions relating to these programs are included in the University's basic financial statements. Expenditures reported on the Schedule include loans outstanding at the beginning of the year, loans made during the year, any administrative cost allowance claimed, cash balance of the fund as of the end of the year, and cancellations receivable at the end of the year. The balance of loans outstanding at June 30, 2023 consists of:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Outstanding Balance at June 30, 2023</u>
84.038	Federal Perkins Loan Program	\$336,971
93.264	Nurse Faculty Loan Program	\$246,165

NOTE 4 - SUBRECIPIENTS

During the year ended June 30, 2023, the University passed through federal assistance to subrecipients in an amount of \$18,475.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 5 - NON-CASH ASSISTANCE

The University did not receive any federal non-cash assistance during the year ended June 30, 2023.

NOTE 6 - INSURANCE

The University did not have federally funded insurance in effect during the year ended June 30, 2023.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FEDERAL AND NONFEDERAL FINANCIAL ACTIVITY
For the Year Ended June 30, 2023

The following schedules are used to determine the University's Single Audit costs in accordance with the Uniform Guidance (2 C.F.R. § 200.425).

Schedule A: Federal Financial Component

Total federal expenditures ¹	\$ 39,469,668
Total, Schedule A	\$ 39,469,668

Schedule B: Total Financial Component

Total operating expenses ²	\$ 108,410,963
Total nonoperating expenses ²	1,209,577
Federal loan balances: ^{1,3}	
Perkins Loan Program	940,194
Nursing Faculty Loan Program	283,765
Total value of new federal loans: ^{1,4}	
Perkins Loan Program	—
Nursing Faculty Loan Program	—
Federal Direct Loans	21,864,079
Other noncash federal award expenditures	—
Total, Schedule B	\$ 132,708,578

Schedule C: Computation of Nonfederal Expenses

Total, Schedule B	\$ 132,708,578	100.00%
Total, Schedule A	39,469,668	29.74%
Total nonfederal expenses	\$ 93,238,910	70.26%

¹ Obtained from the Schedule of Expenditures of Federal Awards

² Obtained from the Statement of Revenues, Expenses, and Changes in Net Positions

³ Balance at the beginning of the fiscal year with continuing compliance requirements

⁴ Balance of loans issued during the fiscal year