

# STATE OF ILLINOIS ILLINOIS STATE UNIVERSITY

Report Required under *Government Auditing Standards*  
For the Year Ended June 30, 2019  
Performed as Special Assistant Auditors  
for the Auditor General, State of Illinois



**State of Illinois  
Illinois State University**

**Report Required Under *Government Auditing Standards*  
For the Year Ended June 30, 2019**

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**Other Reports Issued Under a Separate Cover**

The Illinois State University's *Compliance Examination* (including the Single Audit) for the year ended June 30, 2019, has been issued under a separate cover. Additionally, the University's financial statements as of and for the year ended June 30, 2019, have been issued under a separate cover.

**State of Illinois  
Illinois State University**

**Report Required Under *Government Auditing Standards*  
For the Year Ended June 30, 2019**

**Agency Officials**

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**University Officials**

|  |                         |
|--|-------------------------|
| Chair of the Board of Trustees (04/01/2019 – present)    | Ms. Julie Annette Jones |
| Chair of the Board of Trustees (07/01/2018 – 03/31/2019) | Mr. Rocky Donahue       |
| President  | Dr. Larry Dietz         |
| Vice President for Finance and Planning                  | Mr. Dan Stephens        |
| Vice President for Academic Affairs and Provost          | Dr. Jan Murphy          |
| Vice President for Student Affairs                       | Dr. Levester Johnson    |
| Vice President for University Advancement                | Mr. Pat Vickerman       |
| Comptroller  | Mr. Doug Schnittker     |
| Legal Counsel  | Ms. Lisa Huson          |
| Director – Internal Audit                                | Mr. Robert Blemler      |

**Board of Trustees**

|                |                          |
|----------------|--------------------------|
| Member         | Ms. Julie Annette Jones  |
| Member         | Dr. Mary Ann Lourderback |
| Member         | Mr. Rocky Donahue        |
| Member         | Mr. Robert Dobski        |
| Member         | Ms. Sharon Rossmark      |
| Member         | Ms. Kathryn Bohn         |
| Member         | Mr. Robert Navarro       |
| Student Member | Ms. Sarah Aguilar        |

**Office Locations**

The University's primary administrative offices are located at:

Hovey Hall  
Campus Box 1100  
Normal, Illinois 61790-1100

**State of Illinois  
Illinois State University**

**Report Required Under *Government Auditing Standards*  
For the Year Ended June 30, 2019**

**Summary**

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The audit of the financial statements of the Illinois State University (University) was performed by RSM US LLP in accordance with *Government Auditing Standards*. This report is an integral part of that audit.

Based on their audit, the auditors expressed an unmodified opinion on the University's basic financial statements, issued under a separate cover.

**Summary of Findings**

The auditors identified one matter involving the University's internal control over financial reporting that they considered to be a significant deficiency.

| <u>Number of</u>                                  | <u>Current Report</u> | <u>Prior Report</u> |
|---|-----------------------|---------------------|
| Findings  | 1                     | 2                   |
| Repeated findings                                 | 1                     | 1                   |
| Prior recommendations implemented or not repeated | 1                     | 2                   |

**SCHEDULE OF FINDINGS**

| <u>Item No.</u>  | <u>Page</u> | <u>Last Reported</u> | <u>Description</u>   | <u>Finding Type</u>    |
|--|-------------|----------------------|--|------------------------|
| <b>CURRENT FINDING (GOVERNMENT AUDITING STANDARDS)</b> |             |                      |  |                        |
| 2019-001   | 6           | 2018                 | Information Security Weaknesses                            | Significant Deficiency |
| <b>PRIOR FINDING NOT REPEATED</b>                      |             |                      |  |                        |
| A  | 8           | 2018                 | Inadequate Control over Accounting and Financial Reporting |                        |

**State of Illinois  
Illinois State University**

**Report Required Under *Government Auditing Standards*  
For the Year Ended June 30, 2019**

**Summary**

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**Exit Conference**

The finding and recommendation appearing in this report were discussed with University personnel at an exit conference on January 15, 2020. Attending were:

**Illinois State University:**

|                 |   |
|-----------------|---|
| Dan Stephens    | Vice President for Finance and Planning |
| Doug Schnittker | Comptroller                             |
| Erika Jones     | Assistant Comptroller                   |
| Robert Blemler  | Director - Internal Audit               |
| Emily Duffield  | Chief Accountant                        |

**Office of the Auditor General:**

|                       |                      |
|-----------------------|----------------------|
| Daniel J. Nugent, CPA | Senior Audit Manager |
|-----------------------|----------------------|

**RSM US LLP:**

|                   |                |
|-------------------|----------------|
| Joseph Evans, CPA | Partner        |
| Dan Sethness, CPA | Senior Manager |
| Erik Ginter, CPA  | Manager        |

The response to the recommendation was provided by Ms. Erika Jones, Assistant Comptroller, in a correspondence dated January 10, 2020.



**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***

RSM US LLP

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Illinois State University

**Report on the Financial Statements**

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 units of the Illinois State University (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2019, 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 February 4, 2020. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting (internal control) or compliance and other matters that are reported on separately by those auditors.

**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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control to determine the 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 have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2019-001 that we consider to be a significant deficiency.

### **University's Response to the Finding**

The University's response to the finding identified in our audit is described in the accompanying Schedule of Findings. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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**

Schaumburg, Illinois  
February 4, 2020

**State of Illinois  
Illinois State University**

**Schedule of Findings  
For the Year Ended June 30, 2019**

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**Current Finding – *Government Auditing Standards***

**Finding 2019-001      Information Security Weaknesses**

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

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

During testing, we identified the following information security-related weaknesses:

- While the University had formed the Office of Identity and Access Management (OIAM), the new OIAM had not finalized its drafting of policies and procedures related to user access management, including ensuring the policies and procedures (1) reflect the University's current environment and (2) address future changes in processes and new systems.
- The University had not conducted access reviews of all system administrators and processes, including those users with access to the University's primary financial system.
- The University was not enforcing its password change requirements for all users.

Generally accepted information systems audit guidance endorses the development of computer security policies that adequately address the current technological environment and well-designed and well-managed controls to protect computer systems and data. Further, 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 University funds, property, and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

University officials indicated the final resolution of these matters will require significant time and effort over a long period of time, especially given the complexity of the University's systems and the need to consult with multiple parties across campus as part of the University's shared governance structure.

Failure to maintain documented access provisioning policies, formally review access, and enforce periodic password changes could result in unauthorized access and modification to the University's systems. (Finding Code No. 2019-001, 2018-002)

**Recommendation**

We recommend the University implement adequate security, including:

- finalizing the policies and procedures related to user access management to (1) reflect the University's current environment and (2) address future changes in processes and new systems;
- finalizing the corrective action plan by ensuring all required access reviews are performed, documented, and cover all users, including system administrators; and,
- ensuring password requirements comply with policies and are consistently enforced to all users.



**State of Illinois  
Illinois State University**

**Schedule of Findings  
For the Year Ended June 30, 2019**

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**Current Findings – *Government Auditing Standards***

**Finding 2019-001      Information Security Weaknesses (Continued)**

**University Response**

The University will continue to develop OIAM policies and procedures, as well as continue to expand password enforcement to all systems and services under University control.

**State of Illinois  
Illinois State University**

**Schedule of Findings (Continued)  
For the Year Ended June 30, 2019**

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**Prior Finding Not Repeated**

**A. Finding – Inadequate Control over Accounting and Financial Reporting**

During the prior engagement, the Illinois State University (University) did not ensure certain transactions were properly reported within the University's financial statements.

During the current audit, our sample testing indicated the University capitalized retainage and asset additions in the proper fiscal year. (Finding Code No. 2018-001, 2017-003)