



STATE OF ILLINOIS  
**OFFICE OF THE  
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS STATE UNIVERSITY**

**Financial Audit  
 For the Year Ended June 30, 2024**

**Release Date: December 12, 2024**

| <b>FINDINGS THIS AUDIT: 3</b> |            |               |              | <b>AGING SCHEDULE OF REPEATED FINDINGS</b> |                     |                   |                   |
|-------------------------------|------------|---------------|--------------|--|---------------------|-------------------|-------------------|
|                               | <u>New</u> | <u>Repeat</u> | <u>Total</u> | <b>Repeated Since</b>                      | <b>Category 1</b>   | <b>Category 2</b> | <b>Category 3</b> |
| <b>Category 1:</b>            | <b>0</b>   | <b>3</b>      | <b>3</b>     | 2023                                       | <b>24-02, 24-03</b> |                   |                   |
| <b>Category 2:</b>            | <b>0</b>   | <b>0</b>      | <b>0</b>     | 2018                                       | <b>24-01</b>        |                   |                   |
| <b>Category 3:</b>            | <b>0</b>   | <b>0</b>      | <b>0</b>     |  |                     |                   |                   |
| <b>TOTAL</b>                  | <b>0</b>   | <b>3</b>      | <b>3</b>     |  |                     |                   |                   |
| <b>FINDINGS LAST AUDIT: 3</b> |            |               |              |  |                     |                   |                   |

**INTRODUCTION**

This digest covers the financial audit of Illinois State University (University) as of and for the year ended June 30, 2024. The University’s Single Audit and State compliance examination reports will be separately issued at a later date.

**SYNOPSIS**

- **(24-01)** The University had multiple computer security weaknesses.
- **(24-02)** The University did not implement adequate internal controls over its service providers.

|                    |  |
|--------------------|--|
| <b>Category 1:</b> | Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance). |
| <b>Category 2:</b> | Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.  |
| <b>Category 3:</b> | Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.   |

**ILLINOIS STATE UNIVERSITY  
FINANCIAL AUDIT  
For The Year Ended June 30, 2024**

| <b>STATEMENT OF NET POSITION</b>  | <b>2024</b>           | <b>2023</b>           |
|---|-----------------------|-----------------------|
| <b>Assets and Deferred Outflows of Resources</b>                              |                       |                       |
| Unrestricted  |                       |                       |
| Cash and cash equivalents.....  | \$ 138,312,840        | \$ 170,212,792        |
| Receivables.....  | 33,178,457            | 30,224,497            |
| Inventories, prepaid expenses, deposits, and other.....                       | 8,718,203             | 8,948,043             |
| Restricted  |                       |                       |
| Cash and cash equivalents.....  | 109,093,252           | 46,228,322            |
| Receivables.....  | 8,340,471             | 5,339,319             |
| Investments.....  | 68,345,400            | 118,484,120           |
| Inventories, prepaid expenses, deposits, and other.....                       | 377,741               | 375,813               |
| Capital assets, net.....  | 573,426,811           | 544,843,270           |
| Deferred outflows of resources.....   | 6,648,711             | 3,941,997             |
| Total.....  | <u>946,441,886</u>    | <u>928,598,173</u>    |
| <b>Liabilities and Deferred Inflows of Resources</b>                          |                       |                       |
| Accounts payable and accrued liabilities.....                                 | 67,351,528            | 29,133,627            |
| Revenue bonds and certificates of participation.....                          | 170,392,860           | 173,028,560           |
| Other.....  | 28,596,822            | 58,151,569            |
| Deferred inflows of resources.....  | 14,090,244            | 16,501,166            |
| Total.....  | <u>280,431,454</u>    | <u>276,814,922</u>    |
| <b>Net Position</b>   |                       |                       |
| Net investment in capital assets.....   | 396,053,273           | 361,088,385           |
| Restricted, expendable.....   | 168,088,760           | 154,939,797           |
| Unrestricted.....   | 101,868,399           | 135,755,069           |
| Total.....  | <u>\$ 666,010,432</u> | <u>\$ 651,783,251</u> |
| <b>REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>                        | <b>2024</b>           | <b>2023</b>           |
| <b>Revenues</b>   |                       |                       |
| Tuition and fees, net.....  | \$ 212,876,039        | \$ 213,954,050        |
| State appropriations.....   | 78,242,400            | 73,125,300            |
| Auxiliary enterprises.....  | 104,048,762           | 96,743,929            |
| Payments on behalf of the University - State.....                             | 47,641,000            | 43,558,000            |
| Special funding situation - Pension and OPEB.....                             | 11,791,191            | (4,763,589)           |
| Other.....  | 188,562,444           | 151,412,253           |
| Total.....  | <u>643,161,836</u>    | <u>574,029,943</u>    |
| <b>Expenses</b>   |                       |                       |
| Instruction.....  | 167,803,499           | 152,815,484           |
| Student services.....   | 58,836,962            | 53,805,212            |
| Student aid.....  | 95,500,367            | 86,815,439            |
| Auxiliary enterprises.....  | 84,917,807            | 83,134,462            |
| Other.....  | 221,876,020           | 197,030,142           |
| Total.....  | <u>628,934,655</u>    | <u>573,600,739</u>    |
| Change in net position.....   | <u>\$ 14,227,181</u>  | <u>\$ 429,204</u>     |
| <b>UNIVERSITY PRESIDENT</b>   |                       |                       |
| During Audit Period: Interim President Dr. Aondover Tarhule (2/17/23-3/17/24) |                       |                       |
| Currently: President Dr. Aondover Tarhule (3/18/24 - Present)                 |                       |                       |

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### INFORMATION SECURITY WEAKNESSES

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

#### Computer security weaknesses

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

#### **Policies were not fully developed for access provisioning, annual review of users' access and for review of security violation reports**

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

In order to determine if proper security controls had been implemented across the University's environment, we requested a population of servers. Although the University provided a population, documentation demonstrating its completeness and accuracy was not provided. Even given the population limitations, we tested the population of servers, noting the University could not provide documentation demonstrating the antivirus and operating systems were running the vendors' latest versions.

In addition, our testing noted the University had not ensured all security operations were properly configured. (Finding 1, pages 5-6) **This finding has been reported since 2018.**

#### Auditor's Recommendation

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

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

#### University officials agreed

University officials concurred with our finding and stated they are now prioritizing the formalization of policies that reflect established process and procedure.

## **LACK OF ADEQUATE CONTROLS OVER THE REVIEW OF INTERNAL CONTROLS OVER SERVICE PROVIDERS**

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

**The University could not provide the auditors with a population of their service providers**

We requested the University provide a population of their service providers utilized in order to determine if the University had reviewed the internal controls of its service providers. However, the University was not able to provide such a population.

**Service and Organization Control Reports were not obtained**

Additionally, we noted the University had not fully developed policies and procedures to ensure their due diligence and monitoring of their service providers. Furthermore, the University did not obtain System and Organization Control (SOC) reports to ensure the internal controls at the service providers had been implemented and were operating effectively.

Finally, the University had not conducted a review of the Complementary User Entity Controls (CUEC) and the University's related controls. (Finding 2, pages 7-8)

**Auditor's Recommendation**

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

Additionally, we recommended the University:

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

**University officials agreed**

University officials concurred with our finding.

## **OTHER FINDING**

The remaining finding pertains to weaknesses in change control. We will review the University's progress towards the implementation of our recommendations in our next financial audit.

## **AUDITOR'S OPINION**

The auditors stated the financial statements of the University as of and for the years ended June 30, 2024, are fairly stated in all material respects.

This financial audit was conducted by FORVIS MAZARS, LLP.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK  
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

**SIGNED ORIGINAL ON FILE**

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FRANK J. MAUTINO  
Auditor General

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