



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

CHICAGO STATE UNIVERSITY

**Financial Audit
 For the Year Ended June 30, 2022**

Release Date: February 23, 2023

FINDINGS THIS AUDIT: 2	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2020	22-01	22-02	
Category 2:	0	1	1				
Category 3:	0	0	0				
TOTAL	0	2	2				
FINDINGS LAST AUDIT: 3							

INTRODUCTION

This digest covers the Chicago State University’s (University) Financial Audit as of and for the year ended June 30, 2022. The University’s State Compliance Examination and Single Audit reports will be separately issued at a later date.

SYNOPSIS

- (22-01) The 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.
- (22-02) The University did not maintain adequate controls over computer security.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

CHICAGO STATE UNIVERSITY
FINANCIAL AUDIT
For the Year Ended June 30, 2022

REVENUES, EXPENSES, AND CHANGES IN NET POSITION	2022	2021
Operating Revenues		
Student tuition and fees, net.....	\$ 17,023,668	\$ 13,954,633
Federal grants and contracts.....	4,248,980	4,729,433
State and local grants and contracts.....	1,616,042	188,435
Nongovernmental grants and contracts.....	2,252,885	1,158,148
Auxiliary enterprises.....	3,160,199	4,677,739
Other operating revenues.....	8,690	41,589
Total Operating Revenues.....	<u>28,310,464</u>	<u>24,749,977</u>
Operating Expenses		
Instruction.....	42,305,989	51,280,162
Research.....	1,460,841	1,178,821
Public service.....	1,897,475	2,601,915
Academic support.....	5,982,570	8,257,315
Student services.....	5,901,386	6,050,616
Institutional support.....	16,972,228	18,737,774
Operations and maintenance of plant.....	16,114,360	16,264,456
Depreciation.....	4,745,730	4,672,719
Scholarship and fellowship.....	12,770,057	6,859,957
Auxiliary enterprises.....	11,443,965	9,852,620
Total Operating Expenses.....	<u>119,594,601</u>	<u>125,756,355</u>
Operating (Loss).....	<u>(91,284,137)</u>	<u>(101,006,378)</u>
Nonoperating Revenues (Expenses)		
State appropriations.....	40,076,900	38,325,900
Special funding situation.....	24,205,417	39,139,746
On-behalf payments.....	7,626,000	7,343,000
Federal and State nonoperating grants.....	18,896,952	15,961,592
Investment income.....	45,852	33,156
Interest on capital assets - related debt.....	(226,400)	(293,816)
Other, net.....	9,142,514	2,681,041
Increase (Decrease) in Net Position.....	<u>8,483,098</u>	<u>2,184,241</u>
Net position, beginning of year (as previously reported).....	151,343,625	143,624,753
Prior Period Adjustment.....	-	5,534,631
Net position, beginning of year (as restated).....	<u>151,343,625</u>	<u>149,159,384</u>
Net position, end of year.....	<u>\$ 159,826,723</u>	<u>\$ 151,343,625</u>

STATEMENT OF NET POSITION	2022	2021
Cash and Cash Equivalents.....	\$ 26,203,006	\$ 23,079,484
Balance in State Appropriation.....	1,726,838	2,135,046
Capital and Right-of-Use Assets, net.....	146,959,256	139,388,569
Other Assets.....	7,662,871	9,344,953
Total Assets.....	<u>182,551,971</u>	<u>173,948,052</u>
Deferred Outflows of Resources - Pension and OPEB.....	2,385,480	496,619
Current Liabilities.....	12,309,738	9,673,119
Bonds Payable.....	1,800,000	3,505,000
Other Noncurrent Liabilities.....	8,990,055	8,908,101
Total Liabilities.....	<u>23,099,793</u>	<u>22,086,220</u>
Deferred Inflows For OPEB Expense.....	2,010,935	1,014,826
Net Position.....	<u>\$ 159,826,723</u>	<u>\$ 151,343,625</u>

UNIVERSITY PRESIDENT

During Audit Period: Ms. Zaldwaynaka Scott, Esq.
Currently: Ms. Zaldwaynaka Scott, Esq.

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROLS OVER
CENSUS DATA**

The 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 testing, we noted the following:

**Initial complete reconciliation of its
census data was not performed**

- The University had not performed an initial complete reconciliation of its census data recorded by the State Universities Retirement System (SURS) to its internal records to establish a base year of complete and accurate census data.

**Incremental reconciliation of its
census data was not performed**

- 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.

**Changes in employee status were not
reported to SURS timely**

- During our cut-off testing of data transmitted by the University to SURS, we noted 16 instances of an active employee becoming inactive were reported to SURS after the close of the fiscal year in which the event occurred.
- The University did not timely notify SURS of the re-employment of one of four (25%) annuitants tested. The University notified SURS 123 days late. (Finding 1, pages 70-72) **This finding has been reported since 2020.**

We recommended 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 the Department of Central Management Services' (CMS) actuary. In addition, we recommended 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. Further, we recommended 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 officials agreed with our recommendation

University officials agreed with the recommendation and stated the University has been working with SURS to develop a reconciliation process.

WEAKNESSES OVER COMPUTER SECURITY

The University did not maintain adequate controls over computer security.

During testing, we noted:

Separated employees continued to have access to the University's environment

- Separated employees continued to have access to the University's environment.
- Weaknesses over data center physical security.
- Weaknesses over network configurations and recovery.
- Information Technology (IT) infrastructure was not secured properly (Finding 2, pages 73-74). **This finding has been repeated since 2020.**

Information Technology (IT) infrastructure was not secured properly

We recommended the University ensure timely deactivation of separated users' access, ensure adequate physical security over the data center, ensure network configurations are adequately maintained, implemented, and able to be recovered, and ensure the IT infrastructure is properly secured.

University officials agreed with our recommendation

University officials concurred with the recommendation and stated the University was developing a corrective action plan to address the lack of controls over computer systems.

AUDITOR'S OPINION

The auditors stated the financial statements of the University as of and for the year ended June 30, 2022, are fairly stated in all material respects.

The financial audit was conducted by Roth & Company, LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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