



**GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2025**

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

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2025

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GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2025

UNIVERSITY OFFICIALS

President (July 1, 2025 to Present)	Dr. Joyce C. Ester
Interim President (March 1, 2025 to June 30, 2025)	Dr. Corey S. Bradford, Sr.
President (Up to February 28, 2025)	Dr. Cheryl F. Green
Interim Chief Financial Officer (October 7, 2025 to Present)	Ms. Villalyn Baluga, CPA
Vice President for Administration and Finance (Up to October 6, 2025)	Dr. Corey S. Bradford, Sr.
General Counsel and Vice President	Ms. Therese King 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 20, 2024 to Present)	Mr. James Kvedaras
Chairman (Up to August 19, 2024)	Ms. Angela Sebastian
Vice Chairman (August 20, 2024 to Present)	Ms. Stacy Crook
Vice Chairman (Up to August 19, 2024)	Mr. Kevin Brookins
Secretary (August 20, 2024 to Present)	Ms. Karen Nunn
Secretary (Up to August 19, 2024)	Mr. James Kvedaras

UNIVERSITY BOARD OF TRUSTEES

Trustee	Ms. Karen Nunn
Trustee	Ms. Stacy Crook
Trustee (March 21, 2025 to Present)	Ms. Angelica Zuniga
Trustee (January 21, 2025 to March 20, 2025)	Vacant
Trustee (Up to January 20, 2025)	Mr. Kevin Brookins
Trustee (March 10, 2025 to Present)	Dr. Judith L. Mitchell
Trustee (Up to March 9, 2025)	Vacant
Trustee (March 10, 2025 to Present)	Ms. Frances Pao-Han Kao
Trustee (January 21, 2025 to March 9, 2025)	Vacant
Trustee (Up to January 20, 2025)	Ms. Angela Sebastian
Trustee	Mr. James Kvedaras
Trustee	Mr. Anibal Taboas
Trustee (July 1, 2025 to Present)	Mr. Brett Porter, Student
Trustee (Up to June 30, 2025)	Mr. Harish Rayalapati, Student

UNIVERSITY OFFICE

1 University Parkway, University Park, Illinois 60484

MANAGEMENT ASSERTION LETTER

May 6, 2026

Adelfia LLC
400 E. Randolph Street, Suite 700
Chicago, IL 60601

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Governors State University (University). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following specified requirements during the one-year period ended June 30, 2025. Based on this evaluation, we assert that during the year ended June 30, 2025, the University has materially complied with the specified requirements listed below.

- A. The University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the University on behalf of the State or held in trust by the University have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

Governors State University

SIGNED ORIGINAL ON FILE

Dr. Joyce C. Ester
President

SIGNED ORIGINAL ON FILE

Ms. Villalyn Baluga, CPA
Associate Vice President for Finance and
Interim Chief Financial Officer

SIGNED ORIGINAL ON FILE

Ms. Therese Nohos
General Counsel and Vice President

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2025

STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	12	17
Repeated Findings	11	10
Prior Recommendations Implemented or Not Repeated	6	2

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2025-001	10	2024/2021	Enrollment Reporting	Significant Deficiency and Noncompliance
2025-002	13	2024/2024	Noncompliance with Notification Requirements on Direct PLUS Loans Disbursements	Significant Deficiency and Noncompliance
2025-003	15	2024/2024	Noncompliance with Activities Allowed or Unallowed and Allowable Costs and Cost Principles Requirements	Significant Deficiency and Noncompliance

GOVERNORS STATE UNIVERSITY
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For the Year Ended June 30, 2025

SCHEDULE OF FINDINGS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (Continued)				
2025-004	17	New	Noncompliance with Reporting Requirements for Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	Significant Deficiency and Noncompliance
2025-005	19	2024/2020	Inadequate Internal Controls over Census Data	Significant Deficiency and Noncompliance
2025-006	23	2024/2024	Internal Audit Deficiency	Significant Deficiency and Noncompliance
2025-007	24	2024/2023	Weaknesses in Change Control Processes	Significant Deficiency and Noncompliance
2025-008	26	2024/2019	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2025-009	29	2024/2016	Computer Security Weaknesses	Significant Deficiency and Noncompliance
2025-010	31	2024/2021	Inadequate Controls around Service Providers	Significant Deficiency and Noncompliance
2025-011	34	2024/2021	Weaknesses in System Access Controls	Significant Deficiency and Noncompliance
2025-012	36	2024/2021	Weaknesses with Payment Card Industry Data Security Standards	Significant Deficiency and Noncompliance
Prior Findings Not Repeated				
A	38	2024/2023	Noncompliance with Gramm-Leach-Bliley Act	
B	38	2024/2024	Failure to Retain Adequate Documentation of Internal Direct Loans Reconciliation	

GOVERNORS STATE UNIVERSITY
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SCHEDULE OF FINDINGS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>
Prior Findings Not Repeated (Continued)			
C	38	2024/2024	Noncompliance with Perkins Loans' Retention of Records Requirements
D	38	2024/2024	Inadequate Controls over Monitoring of Partial Tuition Waivers
E	39	2024/2024	Inadequate Internal Controls over Compliance with College Student Immunization Act
F	39	2024/2005	Time Sheets not Properly Maintained

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Ms. Villalyn Baluga, Associate Vice President for Finance and Interim Chief Financial Officer, on May 1, 2026. The responses to the recommendations were provided by Ms. Villalyn Baluga, Associate Vice President for Finance and Interim Chief Financial Officer, in correspondences dated March 13, 2026 and May 1, 2026.



INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Christopher B. Meister
Auditor General
State of Illinois

and

The Board of Trustees
Governors State University

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Governors State University (University) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the year ended June 30, 2025. Management of the University is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the University's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

- D. State revenues and receipts collected by the University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the University on behalf of the State or held in trust by the University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the University complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the University complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during the year ended June 30, 2025, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2025-001 through 2025-012.

The University's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The University's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the University's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2025-001 through 2025-012 that we consider to be significant deficiencies.

As required by the Audit Guide, immaterial findings excluded from this report have been reported in a separate letter.

The University's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The University's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

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

SIGNED ORIGINAL ON FILE

Chicago, Illinois
May 6, 2026

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2025

2025-001. **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:	P268K250567 (2025), P268K240567 (2024)
Questioned Cost:	None

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

During testing of 40 enrollment status changes, we noted the following:

- One of 40 (3%) enrollment status changes was not accurately or timely reported to the NSLDS Program-Level Record. The enrollment status change was incorrectly reported as withdrawn instead of graduated, and the update was reported 113 days after the date of occurrence.
- Thirteen of 40 (33%) enrollment status changes data contained inaccurate Program Begin Dates, with discrepancies ranging from 1 to 45 days later than the official program start dates.

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 of the Department of Education (ED), to update all information included in the report and return the report to the ED within the timeframe prescribed by the ED. 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 changes.

The NSLDS Enrollment Reporting Guide states the University is responsible for accurately reporting all Program-Level Record and Campus-Level Record data elements. The Program Begin Date is the date the student first began attending the program being reported. Typically, this would be the first day of the term in which the student began enrollment in the program, unless the student enrolled in the program on an earlier date.

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving federal awards to 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 accurate and timely student enrollment status reports are submitted to NSLDS.

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For the Year Ended June 30, 2025

2025-001. **FINDING** (Enrollment Reporting) (Continued)

University officials stated the University reports enrollment status changes to the NSLDS through the National Student Clearinghouse (NSC), a third-party servicer. The incorrect reporting for the one student noted occurred because the student was enrolled under a doctoral program while taking courses applicable to a master's program. The student met the requirements for the master's degree, and the University awarded the degree and reported the student as graduated to the NSC. However, when the NSC transmitted the information to the NSLDS, the NSLDS assigned a withdrawn status because no enrollment record existed for the master's program.

With regard to the discrepancies noted in Program Begin Dates, system-generated files are uploaded to the NSC, which then provides the data to the NSLDS in accordance with the University's enrollment reporting process. Upon review of the system-generated files, there are various dates contained within the files, which may have caused inaccurate Program Begin Dates reflected in the NSLDS' Program-Level Record. The University is aware of these discrepancies through the error reports it receives from the NSC when uploading the files and has been correcting the differences. However, the corrected information is not being reflected in the NSLDS when the NSC transmits the files.

Accurate, timely, and complete enrollment reporting is essential for the proper administration of federal student aid programs. Failure to comply with federal enrollment reporting requirements may expose the University to loss of future federal funding. (Finding Code No. 2025-001, 2024-002, 2023-002, 2022-002, 2021-003)

RECOMMENDATION

We recommend the University strengthen internal controls and improve its reporting procedures to ensure timely and accurate reporting of student enrollment status to the NSLDS.

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SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2025

2025-001. **FINDING** (Enrollment Reporting) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has manually corrected the incorrect status for the one student noted, and the student is now properly reflected as graduated in the NSLDS. The University will further review this matter internally and will consult with both the NSC and the NSLDS to identify a viable solution to prevent similar issues from recurring.

The discrepancies in Program Begin Dates are a known issue related to the NSC reporting from a system similar to the University. The University has already notified the NSC of this matter and is awaiting guidance on how to correct the Program Begin Date discrepancies so that the information will properly flow through to the NSLDS. The University will implement any necessary procedural changes once feedback is received from the NSC.

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SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2025

2025-002. **FINDING** (Noncompliance with Notification Requirements on Direct PLUS Loans Disbursements)

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:	P268K250567 (2025), P268K240567 (2024)
Questioned Cost:	None

Governors State University (University) did not comply with the notification requirements on Direct PLUS Loans disbursements.

During testing of 25 Direct Loans disbursements, we noted four (16%) students with Direct PLUS loans, where the parents were not properly notified. Notifications were made only to students.

The Code of Federal Regulations (34 CFR 668.165) requires the University when Direct Loans are being credited to a student’s account to notify the student, or parent, in writing of (1) the date and amount of the disbursement; (2) the student’s right, or parent’s right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to Department of Education; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan (a minimum of 14 or 30 days depending on confirmation process). Further, the Federal Student Aid (FSA) handbook clarified that general notification must be provided to the parent Direct PLUS borrower and all students receiving FSA funds.

University officials stated the University revised its Direct PLUS borrower notification procedures upon identifying the issue; however, a significant number of Fall 2024 PLUS loans had already been processed under the prior procedure, resulting in the noted noncompliance.

Proper notifications protect the borrower’s rights and give the parent borrower a chance to reconsider the loan, adjust disbursements or cancel within the specified timeframe. (Finding Code No. 2025-002, 2024-004)

RECOMMENDATION

We recommend the University continue full implementation of its updated procedures to ensure proper notification is made to the parent Direct PLUS borrowers.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2025

2025-002. **FINDING** (Noncompliance with Notification Requirements on Direct PLUS Loans Disbursements) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. However, we would like to clarify that we were not made aware of this issue until the end of the Fall 2024 semester. By that time, more than half of the PLUS loans for the year had already been processed. Although the University implemented the corrective action plan immediately upon being notified, the majority of the academic year's PLUS loans had already been completed. As part of the corrective action, the University now provides direct notification to the parent at the time PLUS loans are processed.

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SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2025

2025-003. **FINDING** (Noncompliance with Activities Allowed or Unallowed and Allowable Costs and Cost Principles Requirements)

Federal Department:	U.S. Department of Education
Assistance Listing Number:	84.425D
Program Name:	Elementary and Secondary School Emergency Relief Fund
Award Number:	S425D210041 (2022)
Questioned Cost:	\$2,614

Governors State University (University) did not comply with activities allowed or unallowed and allowable costs and cost principles requirements.

During our review of the Illinois Tutoring Initiative program under the Elementary and Secondary School Emergency Relief Fund, which incurred total expenditures of \$113,816, we identified three of 10 (30%) expenditures that were inappropriately charged to the grant. The University charged \$2,614 in Central Management Services (CMS) insurance costs for an employee who did not perform any work related to the program.

The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (2 CFR 200.431(c)) requires the University to allocate fringe benefits to federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such federal awards and other activities, and charged as direct or indirect costs following the University's accounting practices.

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

University officials stated the payroll change for the one employee noted was inadvertently not reflected in the calculation for the corresponding CMS insurance charges. While review and approval procedures for payroll changes are already in place, they were not consistently followed during the period in question due to staffing constraints.

Failure to accurately charge the correct grant may result in disallowance of federal expenditures and questioned costs, and could jeopardize future federal funding. (Finding Code No. 2025-003, 2024-007)

GOVERNORS STATE UNIVERSITY
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For the Year Ended June 30, 2025

2025-003. **FINDING** (Noncompliance with Activities Allowed or Unallowed and Allowable Costs and Cost Principles Requirements) (Continued)

RECOMMENDATION

We recommend the University improve its procedures to ensure fringe benefits allocated to the grant align consistently with the salaries and wages charged to the grant.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Effective immediately, a second level of approval will be required for all payroll adjustments to ensure that any changes are accurately reflected in the calculation of the related CMS insurance charges.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2025

2025-004 **FINDING** (Noncompliance with Reporting Requirements for Teacher Education Assistance for College and Higher Education Grants (TEACH Grants))

Federal Department:	U.S. Department of Education
Assistance Listing Number:	84.379
Cluster Name:	Student Financial Assistance Cluster
Program Name:	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)
Award Number:	P379T250567 (2025), P379T240567 (2024)
Questioned Cost:	None

Governors State University (University) did not timely submit TEACH Grants disbursement records to the U.S. Department of Education’s (ED) Common Origination and Disbursement (COD) System.

During testing of three TEACH Grants disbursements, we noted one (33%) student whose Fall and Spring term disbursements were reported to the ED's COD System 227 days and 143 days late, respectively. The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (Code) (34 CFR 690.83(b)(2)) requires the University to submit, in accordance with deadline dates established by the Secretary of the ED, through publication in the Federal Register, other reports and information the ED requires and to comply with the procedures the ED finds necessary to ensure the reports are correct.

The Federal Register (Volume 90, No. 179 published on September 30, 2025) requires institutions to submit TEACH Grants disbursement records to the COD System no later than November 30, 2024 or 15 days after making the disbursement or becoming aware of the need to adjust a previously reported disbursement, whichever is later. Further, transmissions must be completed and accepted before the designated processing time on the deadline submission date. If transmissions are started at the designated time, but are not completed until after the designated time, those transmissions will not meet the deadline. In addition, any transmission submitted on or just prior to the deadline date that is rejected may not be reprocessed because the deadline will have passed by the time the user gets the information notifying him or her of the rejection.

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

GOVERNORS STATE UNIVERSITY
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SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2025

2025-004 **FINDING** (Noncompliance with Reporting Requirements for Teacher Education Assistance for College and Higher Education Grants (TEACH Grants))
(Continued)

University officials stated the disbursements were initially reported to the COD System within the required timeframe but were rejected. The University corrected the errors during its reconciliation process; however, the reconciliation was completed after the required reporting deadline to the COD System.

Failure to submit disbursement records within the required timeframe may affect the accuracy and integrity of federal grant reporting, and represents noncompliance with federal regulations. (Finding Code No. 2025-004)

RECOMMENDATION

We recommend the University strengthen internal controls over its COD System reporting process to ensure TEACH Grants disbursement records are transmitted timely, accurate, and accepted by ED prior to the required deadlines. Controls should include timely monitoring of rejected records and prompt resolution of errors.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Procedures were promptly updated to ensure that any TEACH Grants discrepancies are reconciled on a monthly basis, consistent with the reconciliation process used for the Federal Pell Grant and Direct Loan programs.

GOVERNORS STATE UNIVERSITY
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SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2025

2025-005 **FINDING** (Inadequate Internal Controls over Census Data)

Governors State University (University) did not have adequate internal control over reporting its census data to provide assurance that the census data submitted to the State Universities Retirement System (System) and State Employees' Group Insurance Program (Plan) was complete and accurate.

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

We noted the University's employees are members of both the pension plan administered by the System and the Plan sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by the System, along with census data for other participating members provided by the State's four other pension systems, to prepare their projection of the liabilities of the Plan. Finally, the System's actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2023 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2024, which is incorporated into the University's Fiscal Year 2025 financial statements.

During the performance of the census examination, we noted the following:

- During cut-off testing of data transmitted by the University to the System, we identified the following events that were reported to the System after the close of the fiscal year in which the event occurred, resulting in improper exclusion or inaccurate member status (active or inactive) as of fiscal year-end.
 - Four new employee hires
 - Thirty-three employee terminations

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2025

2025-005 **FINDING** (Inadequate Internal Controls over Census Data) (Continued)

The result of the errors above led to contributions due to the plan being understated and inaccurate census data being utilized by the System and the State in the performance of the annual pension and OPEB actuarial valuation processes. The independent actuaries utilized by the System and the State of Illinois for the pension and OPEB plans deemed the errors immaterial to the plan level valuations as a whole.

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 control to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Additionally, eligibility criteria for participation in the System under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in the System. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less, and is:

1. Not a student employed on a less than full-time temporary basis;
2. Not receiving a retirement or disability annuity from the System;
3. Not on military leave;
4. Not eligible to participate in the Federal Civil Service Retirement System;
5. Not currently on a leave of absence without pay more than 60 days after the termination of the System's disability benefits;
6. Not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hire on or after July 1, 1979;
7. Not a patient in a hospital or home;
8. Not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
9. Not providing military courses pursuant to a federally funded contract where the University has filed a written notice with the System electing to exclude these persons from the definition of employee;
10. Currently on lay-off status of not more than 120 days after the lay-off date;
11. Not on an absence without pay of more than 30 days; and
12. A nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

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2025-005 **FINDING** (Inadequate Internal Controls over Census Data) (Continued)

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee’s total compensation of 8% (9.5% for firefighters or police officers) for their participation in the System, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to the System. Further, the Code (40 ILCS 5/15-155(b)) requires the University to remit employer contributions to the System reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, we noted participation in the OPEB is derivative of an employee’s eligibility to participate in the System, as members of the System participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

University officials stated the late reported events were due to the current process of hiring and compensating adjuncts.

Failure to ensure that complete and accurate census data, as well as employee and employer contributions are reported to the System and the State reduces the overall reliability of the pension and OPEB-related balances and activity reported in the University’s financial statements, the financial statements of other employers within both plans, and the State of Illinois’ Annual Comprehensive Financial Report. Further, failure to report all eligible employees to the System and Plan may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2025-005, 2024-008, 2023-006, 2022-001, 2021-001, 2020-001)

RECOMMENDATION

We recommend the University strengthen controls to ensure all events occurring within the census data accumulation year are reported timely to the System so these events can be incorporated into the census data utilized in the annual actuarial valuation process.

Further, we recommend the University strengthen controls to ensure all eligible employees are reported to the System and State, along with any required employee and employer contributions.

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2025-005 **FINDING** (Inadequate Internal Controls over Census Data) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University will continue to establish procedures that will address timely and accurate reporting of census data events to SURS.

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2025-006 **FINDING** (Internal Audit Deficiency)

Governors State University (University) had a deficiency within its internal audit activities during Fiscal Year 2025.

During testing, we noted the University's internal audit function failed to conduct a new external assessment during the examination period as required by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing (IPPIA). The last external assessment was conducted in July 2018.

The IPPIA Section 1312 and the Institute of Internal Auditors' Global Internal Auditing Standards (GIAS) 8.4 requires external assessments to be conducted at least every five years by a qualified, independent assessor or assessment team from outside the organization.

University officials stated the deficiency resulted from historical resource constraints within the internal audit function that limited its ability to perform a timely external quality assessment while also executing the approved audit plan and other mandated responsibilities. Additionally, the University elected to defer the external assessment in order to align the review with the recently issued GIAS, which provides a modernized and enhanced framework compared with the prior standards. This deferral allows the assessment to reflect a more current and comprehensive evaluation of conformance.

Absence of a timely external quality assessment limits assurance that internal audit activities were performed in accordance with professional standards. This deficiency impairs management's ability to rely on reported audit results, weakens governance oversight, and results in noncompliance with IPPIA and GIAS requirements. (Finding Code No. 2025-006, 2024-011)

RECOMMENDATION

We recommend the University establish controls to ensure required external quality assessments are conducted within prescribed timeframes.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The Office of Internal Audit has initiated the external Quality Assurance Review process to address this requirement. The self-assessment phase has already been completed in accordance with GIAS. The University is in the process of engaging a qualified, independent external assessor to perform the required independent validation of the self-assessment.

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2025-007 **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. We obtained the population of changes during the fiscal year. During our testing of 43 change samples, we noted the following:

- There was no documentation maintained of the testing performed prior to deploying changes for 3 (7%) change samples.
- Developers had access to the production environment for its major application system, resulting in a segregation of duties weakness through March 2025 before an outside party was engaged in April 2025 to push items to production.

Weaknesses in change control processes were first noted during the University's Fiscal Year 2023 State compliance examination. University management had implemented some corrective actions but had not taken sufficient measures to fully resolve all deficiencies in Fiscal Year 2025.

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.

In addition, University management is responsible for implementing timely and adequate corrective action on all of the findings identified during a State compliance examination.

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2025-007 **FINDING** (Weaknesses in Change Control Processes) (Continued)

University officials stated while a testing plan is required for each applicable change, documentation of testing completion for changes that did not involve user acceptance was not maintained, as this was not required by University procedure. In addition, the segregation of duties finding was not addressed at the beginning of the examination period, as it took time to contract with the vendor that was engaged in April 2025.

Failure to establish adequate controls and documentation around the change control process 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 weaknesses and increases the risk of unauthorized changes being made to the computing system. (Finding Code No. 2025-007, 2024-001, 2023-001)

RECOMMENDATION

We recommend the University:

- Maintain documentation of the testing performed prior to deployment of changes.
- Strengthen controls to ensure proper segregation of duties are established by restricting developers' access to the production environment.

UNIVERSITY RESPONSE

The University agrees with this finding. The University will implement appropriate documentation requirements to ensure that testing results are recorded for changes that do not involve user acceptance. The segregation of duties issue has already been addressed; the University engaged a managed services vendor in April 2025 to implement all system changes in the production environment.

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2025-008 **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

Governors State University (University) had not fully implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the University’s mission to provide higher educational opportunities to its student body, the University maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, educational records, and Social Security numbers within its computerized systems.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies, including universities, and their cybersecurity programs and practices. During our examination of the University’s cybersecurity program, practices, and control of confidential information, we noted the University had not:

- Documented and implemented appropriate controls to reduce the risk of unauthorized disclosure in response to risk assessments and vulnerability monitoring.
- Developed detailed guidance on controls for storage media, access permissions, data retention, and data destruction policies in alignment with the University’s classification of data.
- Developed formal policies and procedures for dissemination of all of its information system policies to employees, students, and contractors utilizing the University’s resources.
- Developed a project management framework to ensure new applications were developed and implemented in accordance with management’s intentions.
- Reviewed and updated policies and procedures on a routine basis.

In addition, policies and procedures for monitoring and logging of security events were only adopted and implemented on June 26, 2025.

Finally, this finding was first noted during the University’s Fiscal Year 2019 State compliance examination. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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2025-008 **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

The *Framework for Improving Critical Infrastructure Cybersecurity and 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 requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

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 funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State’s resources.

Finally, the University’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials stated resource constraints and competing priorities have prevented the development and adoption of additional policies and procedures related to its cybersecurity plan and programs.

The lack of adequate cybersecurity programs and practices could result in unidentified risks and vulnerabilities and ultimately lead to the University’s information system resources and volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2025-008, 2024-013, 2023-008, 2022-005, 2021-010, 2020-010, 2019-010)

RECOMMENDATION

The University has the ultimate responsibility for ensuring its information system resources are available for authorized use and confidential information is protected from accidental or unauthorized disclosure. Specifically, we recommend the University:

- Document and implement appropriate controls to reduce the risk of unauthorized disclosure in response to risk assessments and vulnerability monitoring.
- Develop detailed guidance on controls for storage media, access permissions, data retention, and data destruction policies in alignment with the University’s classification of data.

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2025-008 **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

RECOMMENDATION(Continued)

- Develop formal policies and procedures for dissemination of all of its information system policies to employees, students, and contractors utilizing the University’s resources.
- Develop a project management framework to ensure new applications were developed and implemented in accordance with management’s intentions.
- Review and update policies and procedures on a routine basis.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation, and has taken the following corrective actions:

- The University will improve its existing risk assessment process to address the auditors’ recommendations during Fiscal Year 2026. In addition, vulnerability monitoring of internal systems is included in the scope of services provided by the managed security provider engaged by the University in August 2025.
- The University will continue to develop and adopt relevant information security policies, including those outlined in the auditors’ recommendation.
- The University now disseminates information on new technology and information security policies through the quarterly Information Technology Services (ITS) newsletter. Beginning in Fiscal Year 2026, all employees will be required to acknowledge these policies as part of the annual cybersecurity awareness training. ITS is working with the Human Resources department on a solution to require newly hired employees to acknowledge these policies as well. For contractors, an onboarding document has been developed, which includes a link to the University’s public policies. This document was originally planned for distribution early Fiscal Year 2026 but has since been revised and is expected to be implemented by the end of Fiscal Year 2026.
- The University will formally review all technology and information security policies and procedures at least annually, beginning in January 2026.

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2025-009 **FINDING** (Computer Security Weaknesses)

Governors State University (University) had not established adequate controls for its computing environment.

During review of the University’s controls around system security, we noted the University had not established formal policies and procedures for:

- Restricting physical access to computer resources.
- Monitoring, testing, and installing vendor released patches.

In addition, policies and procedures for data center access and patch management were only adopted and implemented on July 3, 2025 and June 12, 2025.

This finding was first noted during the University’s Fiscal Year 2016 State compliance examination. As such, University management had been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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, System and Information Integrity section, requires implementation of security protection mechanisms; System and Services Acquisition section requires a properly secured infrastructure; and Configuration Management section requires the development of configuration management policies and procedures.

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 to provide assurance that resources are utilized efficiently and effectively and in compliance with applicable law.

In addition, University management is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials stated resource constraints and competing priorities had prevented the development and adoption of formal guidelines and controls around system security until late Fiscal Year 2025 and early Fiscal Year 2026.

Inadequate security controls may result in unauthorized access to, damage to, or theft of University data and computing equipment. (Finding Code No. 2025-009, 2024-014, 2023-009, 2022-006, 2021-011, 2020-011, 2019-011, 2018-019, 2017-019, 2016-020)

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2025-009 **FINDING** (Computer Security Weaknesses) (Continued)

RECOMMENDATION

We recommend the University establish and adopt formal policies and procedures for physical access security, and monitoring, testing, and installing vendor released patches.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University already developed and implemented the required policies and procedures in June and July 2025.

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2025-010 **FINDING** (Inadequate Controls around Service Providers)

Governors State University (University) did not have adequate controls around its service providers.

In Fiscal Year 2025, the University identified 106 service providers. The University maintains numerous cloud-based solutions with various service providers. These service providers maintain the hardware, software and data for various applications regarding many sectors, such as campus news and events, student orientation, employment, photographs, student organizations, visitor tracking, course evaluations, and emergency notifications.

We requested the System and Organization Controls (SOC) report and documentation of the University's review and assessment of 26 service providers. We noted the University had not:

- Developed formal, documented policies and procedures to ensure performance measures are monitored to comply with contractual terms for all (100%) of the service providers tested.
- Timely reviewed the SOC reports or equivalent, for 4 (15%) service providers, with reviews conducted between 161 and 245 days after the report dates.
- Assessed and documented the operation of Complementary User Entity Controls (CUECs) relevant to the University's operations for 4 (15%) service providers.
- Provided the actual Fiscal Year 2025 SOC reports for 9 (35%) service providers. As a result, we were unable to test whether the SOC report reviews performed by the University were adequate.

The University is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

This finding was first noted during the University's Fiscal Year 2021 State compliance examination. University management had implemented some corrective actions but has not taken sufficient measures to fully resolve all deficiencies in Fiscal Year 2025.

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2025-010 **FINDING** (Inadequate Controls around Service Providers) (Continued)

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

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 to provide assurance that resources are utilized efficiently and effectively and in compliance with applicable law.

In addition, the University's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials stated resource constraints and competing priorities have prevented full implementation of the review process including development of formal policies and procedures on ensuring due diligence on service providers and ensuring performance measures are monitored to comply with contractual terms.

Without having adequate monitoring controls over service providers, including proper and timely reviews of SOC reports or another form of independent internal control review, the University does not have assurance the service provider's internal controls are adequate to support the University's processes and ensure its data are secured. (Finding Code No. 2025-010, 2024-015, 2023-010, 2022-007, 2021-012)

RECOMMENDATION

We recommend the University:

- Establish policies and procedures to ensure performance measures are monitored to comply with contractual terms and service level agreements.
- Perform timely review of SOC reports or equivalent of all service providers.
- Monitor and document the operation of CUECs noted in the SOC reports that are relevant to the University's operations.
- Obtain the latest SOC reports of all service providers.

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2025-010 **FINDING** (Inadequate Controls around Service Providers) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation, and has taken the following corrective actions:

- The University will communicate to application owners their responsibility to ensure contractual performance measures are monitored. Existing processes will be updated to require application owners to attest annually that this monitoring has been completed.
- The University will update its process for reviewing SOC reports to more closely align its annual review process with the timing of each service provider's security controls report. It should be noted that not all service providers provide a SOC report, and those that do may not always maintain a strict yearly release schedule. While the University does not have control over the age or availability of SOC documentation provided by service providers, any outdated or inadequate documentation is reflected in the risk assessment for each service provider.
- The University will continue to revise its processes and documentation to more clearly document compliance with CUECs.

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2025-011 **FINDING** (Weaknesses in System Access Controls)

Governors State University (University) had not established adequate controls for system access.

The University had established and adopted formal policies for user access authorization, removal and periodic reviews. During our sample testing of the University's controls around system access, we noted the following:

- Two of three (67%) terminated users' accesses were not timely deactivated upon termination; and
- The University did not perform periodic review of user access for two significant applications.

This finding was first noted during the University's Fiscal Year 2021 State compliance examination. University management had implemented some corrective actions but had not taken sufficient measures to fully resolve all deficiencies in Fiscal Year 2025.

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, Access Control and System and Communication Protection sections, requires entities to implement adequate internal controls over access to their environments, applications and data.

University Information and Systems Access Policy Number 80 requires the Information Technology Services Department to perform periodic reviews of users that have access to University systems and records.

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 funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the University's resources.

In addition, the University's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials stated the process for reviewing user access began in Fiscal Year 2025 but was not fully completed during that year due to resource constraints and competing priorities. Additionally, there was a gap in coordination between application owners and the appropriate administrative unit, which created challenges for ensuring the timely removal of terminated users from systems.

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2025-011 **FINDING** (Weaknesses in System Access Controls) (Continued)

Inadequate system access and security controls may result in exposing information assets and resources to unauthorized disclosure, modification, or destruction. (Finding Code No. 2025-011, 2024-016, 2023-011, 2022-008, 2021-013)

RECOMMENDATION

We recommend the University:

- Deactivate terminated user access upon termination in a timely manner.
- Perform periodic review of user access to ensure appropriateness of access granted.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation, and has taken the following corrective actions:

- Application owners will be notified and trained regarding their responsibility to ensure user access to applications is deactivated upon employee termination. Application owners will also be advised to work with Human Resources to establish a process for receiving timely notification of employee terminations.
- During Fiscal Year 2026, the University has implemented a process requiring application owners to review user access for each application.

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2025-012 **FINDING** (Weaknesses with Payment Card Industry Data Security Standards)

Governors State University (University) had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS).

In Fiscal Year 2025, the University accepted approximately 13,439 credit card transactions estimated at \$9.8 million.

Upon review of the University’s efforts to ensure compliance with PCI DSS, we noted the University had not:

- Completed formal assessments for 13 of 16 (81%) merchants accepting credit card payments, including the appropriate Self-Assessment Questionnaire (SAQ) and certifying compliance;
- Validated merchants for all elements of its cardholder data environment verifying PCI DSS compliance;
- Ensured all employees involved in the processing of cardholder data received annual security training; and
- Maintained an agreement with each service provider which requires the service provider to ensure validated PCI compliance for the services/solutions being provided.

This finding was first noted during the University’s Fiscal Year 2021 State compliance examination. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

PCI DSS was developed to detail security requirements for entities that store, process, or transmit cardholder data. Cardholder data is any personally identifiable data associated with a cardholder. To assist merchants in the assessments of their environment, the PCI Council has established SAQ for validating compliance with PCI’s core requirements.

In addition, 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 assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Finally, the University’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

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2025-012 **FINDING** (Weaknesses with Payment Card Industry Data Security Standards)
(Continued)

University officials stated resource constraints and competing priorities hindered efforts to bring University merchants into compliance with PCI DSS during Fiscal Year 2025.

Failure to complete SAQs on all merchants, and validate merchants for PCI compliance, could result in noncompliance with PCI DSS requirements or identity theft or the loss of credit card data, or loss of the right to utilize certain credit card providers if not in compliance with current PCI standards. (Finding Code No. 2025-012, 2024-017, 2023-012, 2022-009, 2021-015)

RECOMMENDATION

We recommend the University:

- At least annually, assess each location accepting credit card payments and match the method of acceptance to the appropriate SAQ and complete the appropriate SAQ(s) for its environment and maintain documentation.
- Validate merchants for all elements of its cardholder data environment verifying PCI DSS compliance.
- Provide annual security training to employees involved in the processing of cardholder data.
- Maintain an agreement with each service provider which requires the service provider to ensure validated PCI compliance for the services/solutions being provided.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation, and has taken the following corrective actions:

- The University continues its compliance efforts with each merchant individually. To date, three merchants have been brought into compliance, and the University continues to make progress toward bringing the remaining merchants into compliance.
- In addition to mandatory annual cybersecurity awareness training, the University has established basic training for employees involved in the processing of card payments and is implementing it on a per-merchant basis.

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For the Year Ended June 30, 2025

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

During the prior audit, 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 the current audit, the University adopted a written incident response plan to respond to data security incidents and recover from the incident. (Finding Code No. 2024-003, 2023-003)

B. **FINDING** (Failure to Retain Adequate Documentation of Internal Direct Loans Reconciliation)

During the prior audit, Governors State University (University) did not retain documentation of its internal monthly Direct Loans reconciliation to demonstrate timely completion.

During the current audit, the University improved its procedures to ensure documentation is retained to demonstrate timely completion of reconciliations. Current year monthly reconciliations program requirements for Direct Loans testing did not identify any issues. (Finding Code No. 2024-005)

C. **FINDING** (Noncompliance with Perkins Loans' Retention of Records Requirements)

During the prior audit, Governors State University (University) did not maintain a copy of the master promissory note (MPN) for a Perkins Loan program loan.

During the current audit, the University improved its procedures to ensure compliance with records retention requirements. Current year Perkins Loan record retention testing did not identify any issues. (Finding Code No. 2024-006)

D. **FINDING** (Inadequate Controls over Monitoring of Partial Tuition Waivers)

During the prior examination, Governors State University (University) did not maintain adequate controls over monitoring of partial tuition waivers granted to children of University employees.

During the current examination, the University improved its procedures to ensure partial tuition waivers for children of University employees comply with statutory limits. Current year testing did not identify any issues. (Finding Code No. 2024-009)

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E. **FINDING** (Inadequate Internal Controls over Compliance with the College Student Immunization Act)

During the prior examination, Governors State University (University) did not have adequate internal control over compliance with the College Student Immunization Act.

During the current examination, the University maintained the required annual immunization report for Fall 2024 covered students, along with their corresponding immunization records. Current year testing did not identify any exceptions. (Finding Code No. 2024-010)

F. **FINDING** (Time Sheets not Properly Maintained)

During the prior examination, Governors State University (University) did not maintain time sheets for its faculty members and advisors in compliance with the State Officials and Employees Ethics Act (Act).

During the current examination, the University implemented new time reporting requirements mandating that faculty members and advisors submit semi-monthly timesheets documenting the time spent each day on official State business to the nearest quarter hour, in compliance with the Act. Current year testing did not identify any significant issues. As such, this matter was reported in the University's *Report of Immaterial Findings*. (Finding Code No. 2024-012, 2023-007, 2022-004, 2021-009, 2020-009, 2019-009, 2018-016, 2017-017, 2016-017, 2015-005, 2014-004, 2013-010, 12-11, 11-11, 10-11, 09-3, 08-3, 07-3, 06-4, 05-7)