

**State of Illinois
Board of Higher
Education**

**STATE COMPLIANCE
EXAMINATION**

**FOR THE TWO YEARS ENDED
JUNE 30, 2025**

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

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025**

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**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025**

BOARD OFFICIALS

Executive Director	Ginger Ostro
Chief of Staff (07/01/23 – 03/05/24)	Ja'Neane Minor
Chief Operating Officer and General Counsel (09/01/24 – Present)	David Kelm
General Counsel (07/01/23 – 08/31/24)	David Kelm
Executive Deputy Director (07/01/23 – 02/29/24)	Stephanie Bernoteit
Director of Intergovernmental Relations (10/16/24 – Present)	Jenna Rossi
Interim Director of Information Technology & Systems (04/01/24 – 05/31/26)	John Frazier
Director, Information Management & Research (07/01/23 – 04/08/24)	Eric Lichtenberger
Managing Director of Human Resources (02/01/24 – Present)	Rachel Bolinger
Senior Managing Director (10/16/24 – Present)	Valerie Lynch
Managing Director of Policy, Research and Fiscal Analysis (08/01/25 – 04/30/26)	Tara Lawley
Director, Higher Education Finance Policy (02/01/26 – Present)	Roberto Valadez
Director, Research, Analytics and Data (12/16/25 – Present)	Kevin McPherson
Interim Director, Research, Analytics and Reporting (04/01/24 – 08/08/25)	David Smalley
Director of Policy (07/01/23 – Present)	Vacant
Director of Strategic Communications (10/01/24 – Present)	Jose Garcia
Senior Associate Director of Strategic Communications (07/01/23 – 09/30/24)	Jose Garcia
Managing Director, Academic Strategy and Programs (11/16/25 – Present)	Patricia Aumann
Director, Student Success Strategy (11/16/25 – Present)	Jill Gebke
Director of Academic Strategy and Quality (10/01/25 – Present)	Nkechi Onwuameze
Interim Director, Academic Affairs Degree Granting (04/01/24 – 09/30/25)	Nkechi Onwuameze
Senior Associate Director Academic Affairs (07/01/23 – 03/31/24)	Nkechi Onwuameze

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025**

BOARD OFFICIALS (Continued)

Managing Director, Talent & Workforce Development (11/01/25 – Present)	Leslie Daugherty
Director of Private Business and Vocational School (PBVS) (07/01/23 – Present)	Nina Tangman
Senior Associate Director, Early Childhood Programs (07/01/25 – Present)	Linda Ruhe Marsh
Project Director, Early Childhood Access Consortium for Equity (ECACE) (07/01/23 – 05/08/25)	Christi Chadwick
Chief Financial Officer (02/01/25 – Present)	William McCarty
Chief Financial Officer (06/28/24 – 01/31/25)	Vacant
Chief Financial Officer (07/01/23 – 06/27/24)	Gloria Gibson
Legislative Liaison (07/01/23 – 07/15/24)	Jaimee Ray
Assistant Budget Officer (07/01/23 – 05/31/24)	Sai Kanu

BOARD MEMBERS

Public Member (Chair) (10/20/23 – Present)	Pranav Kothari
Public Member (07/01/23 – 10/19/23)	Pranav Kothari
Public Member (12/22/25 – Present)	Donn Mendoza
Public Member (10/20/23 – 12/21/25)	Vacant
Public Member (Chair) (07/01/23 – 10/19/23)	John Atkinson
Public Member (07/01/23 – Present)	Andrea Evans
Public Member (07/01/23 – Present)	Jennifer Garrison
Public Member (12/01/25 – Present)	Vacant
Public Member (07/01/23 – 11/30/25)	Kenneth Shaw
Public Member (05/31/24 – Present)	Veronica Herrero
Public Member (07/01/23 – 05/30/24)	Vacant

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025**

BOARD MEMBERS (Continued)

Public Member (09/25/23 – Present)	Sharon Bush
Public Member (07/01/23 – 09/24/23)	Vacant
Public Member (01/31/206 – Present)	Vacant
Public Member (09/08/23 – 01/30/26)	Garth Walker
Public Member (07/01/23 – 09/07/23)	Vacant
Public Member (04/18/25 – Present)	Subhash Sharma
Public Member (07/01/23 – 04/17/25)	Vacant
Public University Faculty Member (04/07/25 – Present)	Nora Lee Heist
Public University Faculty Member (07/01/23 – 04/06/25)	Vacant
Public University Governing Board (04/18/25 – Present)	Vacant
Public University Governing Board (05/31/24 – 04/17/25)	Subhash Sharma
Public University Governing Board (07/01/23 – 05/30/24)	Veronica Herrero
Private University Governing Board (05/31/24 – Present)	Jamel Wright
Private University Governing Board (03/30/24 – 05/30/24)	Vacant
Private University Governing Board (07/01/23 – 03/29/24)	Clarence Wyatt
Ex Officio Member, Representing the Chair, Illinois Community College Board (07/01/23 – Present)	Mara Botman
Ex Officio Member, Representing the Chair, Illinois Student Assistance Commission (07/01/23 – Present)	Eric Zarkinow
Traditional Student Member (09/19/25 – Present)	Carter Blount
Traditional Student Member (09/13/24 – 09/18/25)	Daci Finke
Traditional Student Member (07/01/24 – 09/12/24)	Vacant
Traditional Student Member (09/15/23 – 06/30/24)	Sam Majka
Traditional Student Member (07/01/23 – 09/14/23)	Vacant
Non-Traditional Student Member (09/15/23 – Present)	Magnus Noble
Non-Traditional Student Member (07/01/23 – 09/14/23)	Vacant

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025**

BOARD OFFICE

The Board of Higher Education's office is located at:

1 North Old State Capitol Plaza, Suite 333
Springfield, Illinois 62701-1377



ILLINOIS BOARD OF HIGHER EDUCATION
1 NORTH OLD STATE CAPITOL PLAZA, SUITE 333
SPRINGFIELD, ILLINOIS 62701-1377

JB Pritzker
Governor

Pranav Kothari
Chicago
Chair

Members

Sharon Bush
Chicago

Andrea Evans
Chicago

Jennifer Garrison
Vandalia

Nora Lee Heist
Charleston

Veronica Herrero
Chicago

Donn Mendoza
Wonder Lake

Subhash Sharma
Carbondale

Jamel Wright
Morton

Student Members

Carter Blount
Student Board Member

Magnus Noble
Nontraditional Student
Board Member

Ex Officio Representatives

Mara Botman
Illinois Community
College Board

Eric Zamikow
Illinois Student
Assistance Commission

Executive Director

Ginger Ostro

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MANAGEMENT ASSERTION LETTER

May 28, 2026

Roth & Company, LLP
540 W. Madison St., Suite 2450
Chicago, Illinois 60661

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, Board of Higher Education (Board). 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 Board's compliance with the following specified requirements during the two-year period ended June 30, 2025. Based on this evaluation, we assert that during the years ended June 30, 2024, and June 30, 2025, the Board has materially complied with the specified requirements listed below.

- A. The Board 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. Other than what has been previously disclosed and reported in the Schedule of Findings, the Board 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. Other than what has been previously disclosed and reported in the Schedule of Findings, the Board 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 Board 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. Other than what has been previously disclosed and reported in the Schedule of Findings, money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Board of Higher Education

SIGNED ORIGINAL ON FILE

Ginger Oster, Executive Director

SIGNED ORIGINAL ON FILE

William McCarty, Chief Fiscal Officer

SIGNED ORIGINAL ON FILE

David Kelm, Chief Operating Officer and General Counsel

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
STATE COMPLIANCE EXAMINATION
For the Two Years 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*.

ACCOUNTANTS' REPORT

The Independent Accountants' Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	15	17
Repeated Findings	11	9
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	15	2023/2023	Voucher Processing Internal Controls Not Operating Effectively	Material Weakness and Material Noncompliance
2025-002	17	2023/2013	Inadequate Controls Over State Property	Material Weakness and Material Noncompliance
2025-003	19	2023/2023	Inadequate Controls over Reconciliations	Material Weakness and Material Noncompliance
2025-004	22	2023/2021	Receipt Processing Weakness	Significant Deficiency and Noncompliance
2025-005	24	2023/2021	Inadequate Controls over Access to Systems and Applications	Significant Deficiency and Noncompliance

**STATE OF ILLINOIS
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SCHEDULE OF FINDINGS (Continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (Continued)				
2025-006	25	2023/2021	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2025-007	28	2023/2021	Lack of Adequate Controls over the Review of Internal Controls for Service Providers	Significant Deficiency and Noncompliance
2025-008	30	2023/2023	Inadequate Controls over the Annual Agency Workforce Reporting	Significant Deficiency and Noncompliance
2025-009	32	2023/2019	Failure to Enforce Compliance with Grant Agreements	Significant Deficiency and Noncompliance
2025-010	34	New	Noncompliance with Payment Card Industry Data Security Standards	Significant Deficiency and Noncompliance
2025-011	36	New	Noncompliance with the Illinois Governmental Ethics Act	Significant Deficiency and Noncompliance
2025-012	37	2023/2023	Interagency Agreement not Signed Timely	Significant Deficiency and Noncompliance
2025-013	38	New	Weaknesses in Contractual Services	Significant Deficiency and Noncompliance
2025-014	39	2023/2019	Board Not Staffed as Required	Noncompliance
2025-015	41	New	Noncompliance with the Dual Credit Quality Act	Noncompliance

Prior Findings Not Repeated

A	42	2023/2023	Inadequate Control over Compliance with Travel Regulations
B	42	2023/2021	Noncompliance with Reporting Requirements

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
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SCHEDULE OF FINDINGS (Continued)

Prior Findings Not Repeated

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>
C	42	2023/2023	Inadequate Controls over Performance Evaluations
D	42	2023/2023	Noncompliance with Employee Training Requirements
E	43	2023/2021	Weaknesses in Preparation of GAAP Reporting
F	43	2023/2023	Inadequate Controls over Attendance Records

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with Board personnel at an exit conference on May 6, 2026.

Attending were:

Board of Higher Education

Ginger Ostro, Executive Director
David Kelm, Chief Operating Officer and General Counsel
Rachel Bolinger, Director of Human Resources
William McCarty, Chief Financial Officer

Office of the Auditor General

Emily Rivalland, Audit Manager
Reddy Bommareddi, Senior Audit Manager
Sara Metzger, Senior Quality Coordinator

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2025**

EXIT CONFERENCE (Continued)

Roth & Company, LLP

Epifanio Sadural, Partner
Tiffany Floresca, Supervisor
Rochelle Reyes, Senior Associate

The responses to the recommendations were provided by William McCarty, Chief Financial Officer, in correspondence dated May 19, 2026.



INDEPENDENT ACCOUNTANTS' REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Christopher B. Meister
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Board of Higher Education

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Board of Higher Education (Board) 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 two years ended June 30, 2025. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Board 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 Board 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 Board 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 Board 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 Board on behalf of the State or held in trust by the Board have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

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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 Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board 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 modified 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 Board's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements during the two years ended June 30, 2025.

Specified Requirement B

As described in the accompanying Schedule of Findings as item 2025-001 and 2025-002, the Board had not 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.

Specified Requirement C

As described in the accompanying Schedule of Findings as items 2025-001 through 2025-003, the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Specified Requirement E

As described in the accompanying Schedule of Findings as item 2025-003, money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board had not been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Board complied with the specified requirements during the two years 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 2025-004 through 2025-015.



The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board'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 Board 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 Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2025-001 through 2025-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings as items 2025-004 through 2025-013 to be significant deficiencies.

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



The Board's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Board'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 28, 2026



STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2025

2025-001. **FINDING** (Voucher Processing Internal Controls Not Operating Effectively)

The Board of Higher Education's (Board) internal controls over its voucher processing function were not operating effectively during the examination period.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning (ERP) System operated by the Department of Innovation and Technology, we were able to limit our voucher testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP system. In order to determine the operating effectiveness of the Board's internal controls related to voucher processing and subsequent payment of interest, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's ERP System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

Our testing noted 3 of 140 (2%) attributes were not properly entered into the ERP System. Therefore, the Board's internal controls over voucher processing **were not operating effectively.**

The Statewide Accounting Management System (SAMS) Manual (Procedure 17.20.20) requires the Board to, after receipt of goods or services, verify the goods or services received met the stated specifications and prepare a voucher for submission to the Comptroller's Office to pay the vendor, including providing vendor information, the amount expended, and object(s) of expenditure. Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Board to maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date. Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State's resources.

Due to this condition, we qualified our opinion because we determined the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2025**

2025-001. **FINDING** (Voucher Processing Internal Controls Not Operating Effectively)
(Continued)

Even given the limitations noted above, we conducted an analysis of the Board's expenditures data for fiscal years 2024 and 2025 and noted the following:

- The Board did not timely approve 304 of 1,854 (16%) vouchers processed during the examination period, totaling \$25,492,486. We noted these vouchers were approved between 31 and 364 days after receipt of a proper bill or other obligating document.

The Code (74 Ill. Admin. Code 900.70) requires the Board to timely review each vendor's invoice and approve proper bills within 30 days after receipt. The Code (74 Ill. Admin. Code 1000.50) also requires the Board to process payments within 30 days after physical receipt of Internal Service Fund bills.

Board officials indicated the exceptions were due to competing priorities and staffing vacancies.

Failure to properly enter the key attributes into the State's ERP System when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP System, which can result in improper interest calculations and expenditures. Further, failure to timely process proper bills and obligations due may result in noncompliance, unnecessary interest charges, and cash flow challenges for payees. (Finding Code No. 2025-001, 2023-001)

RECOMMENDATION

We recommend the Board design and maintain internal controls to provide assurance its data entry of key attributes into ERP System is complete and accurate. Further, we recommend the Board timely approve proper bills and obligations due.

BOARD RESPONSE

The Board agrees with the recommendations and has implemented hiring and corrective action items to mitigate the issues noted.

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2025**

2025-002. **FINDING** (Inadequate Controls over State Property)

The Board of Higher Education (Board) did not exercise adequate controls over the recording and reporting of State property.

During testing of Agency Reports of State Property (C-15 reports), annual inventory certification, and property records, we noted the following:

- The Board did not take appropriate measures to verify the property listing submitted to the Department of Central Management Services (CMS) was accurate. We noted the amounts reported on the property listing submitted to CMS did not agree with the December 2023 C-15 report submitted to the Office of the Comptroller (Comptroller), with a discrepancy of \$84,344. In addition, the December 2024 Inventory Certification Report was submitted 3 days late to CMS.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.460) requires the Board to make an annual physical inventory of State equipment in its possession and to provide CMS, on an annual basis, a listing of all equipment items with a value greater than the nominal value and equipment that is subject to theft with a value less than the nominal value, on dates designated by CMS.

- Two property additions totaling \$2,856 and 16 property additions totaling \$29,689 were not reported on the Board's C-15 reports submitted to the Comptroller for the second quarter of Fiscal Year 2024 and the first quarter and second quarter of Fiscal Year 2025, respectively.

The Statewide Accounting Management System Manual (Procedure 29.10.10) requires the Board to maintain detailed property records and update property records as necessary to reflect the current balance of the State property. The C-15 should be reconciled to the Board's records.

This finding was first noted during the Board's compliance examination for the period ended June 30, 2013. While the Board continues to improve its controls over State property, it has not been fully successful in implementing corrective action for all issues noted.

Board officials indicated these exceptions were due to key employee turnover and using two different item value thresholds for reporting purposes in light of State policy changes made in 2023.

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2025**

2025-002. **FINDING** (Inadequate Controls over State Property) (Continued)

Failure to submit statutorily required reports in a timely manner prevents the appropriate oversight authorities from receiving relevant feedback for monitoring of programs and can have an effect on future decisions and reports. Inaccurate property reporting reduces the reliability of Statewide property information. Failure to exercise adequate control over property and to maintain accurate property control records increases the potential for fraud and possible loss or theft of State property. (Finding Code No. 2025-002, 2023-003, 2021-003, 2019-001, 2017-001, 2015-001, 2013-001)

RECOMMENDATION

We recommend the Board continue to strengthen its internal controls and ensure reports are complete, accurate, and filed timely. Further, we recommend the Board maintain accurate property control records.

BOARD RESPONSE

The Board agrees with the recommendations and has taken corrective action to rectify these issues.

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2025**

2025-003. **FINDING** (Inadequate Controls over Reconciliations)

The Board of Higher Education (Board) did not maintain adequate controls over its reconciliations.

During testing of the reconciliation of the Office of Comptroller (Comptroller) Monthly Obligation Activity Report (SC15) and the Monthly Agency Contract Report (SC14), we noted the following:

- One of six (17%) reports for Fiscal Year 2024 was not signed off by the reviewer of the reconciliation; therefore, we were unable to determine who reviewed the reconciliation.
- Two of six (33%) reports for Fiscal Year 2025 were signed by the reviewer 39 and 190 days late.

During testing of the reconciliations between the records maintained by the Comptroller and the Board's records during the examination period, we noted the following:

- 11 of 44 (25%) reconciliations of the Monthly Appropriations Status Reports (SB01) for Fiscal Year 2024 were not signed off by the reviewer of the reconciliation. As a result, we could not determine who reviewed the reconciliation.
- 10 of 44 (23%) reconciliations of the SB01 for Fiscal Year 2025 were signed by the reviewer 48 to 85 days late.
- Nine of 44 (20%) reconciliations of the Monthly Revenue Status Reports (SB04) for Fiscal Year 2024 did not have documentation of when the reviews were performed; therefore, we were unable to determine if the reconciliations were performed timely.
- One of 44 (2%) reconciliations of the SB04 for Fiscal Year 2025 was signed off by the reviewer 49 days late.
- 64 of 64 (100%) reconciliations of the Monthly Cash Reports (SB05) during the review period were completed 49 to 753 days late.

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2025**

2025-003. **FINDING** (Inadequate Controls over Reconciliations) (Continued)

The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) requires the Board to reconcile its records on a monthly basis within 60 days of the month end. The SAMS Manual Procedure also notes the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handled that data properly. The Board’s reconciliation is the primary control that ensures these requirements are being satisfied.

In addition, the SAMS Manual (Procedure 02.50.10) requires supervisors to review and approve the assigned work of their staff to minimize errors.

Further, the State Records Act (5 ILCS 160/8) states that the head of each agency shall cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency’s activities.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over the State’s resources.

Board officials indicated the untimely SB05 reconciliations were due to staffing constraints of the vendor engaged to perform the reconciliations. Further, Board officials interpreted the requirement to mean the reconciliations were to be completed within 60 days, rather than requiring the supervisory review to also be completed within that timeframe.

Failure to prepare and review the reconciliations in a timely manner could result in errors not being timely detected and corrected, hinders accountability over State funds, and represents noncompliance with State laws, rules, and regulations. (Finding Code No. 2025-003, 2023-004)

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2025-003. **FINDING** (Inadequate Controls over Reconciliations) (Continued)

RECOMMENDATION

We recommend the Board ensure monthly reconciliations of its activity to the Comptroller's records are timely performed, reviewed, and documented properly.

BOARD RESPONSE

The Board accepts the recommendations and will implement corrective action to ensure reconciliations are performed, reviewed, and documented within 60 days.

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2025-004. **FINDING** (Receipt Processing Weakness)

The Board of Higher Education (Board) did not timely submit receipts for deposit into the State’s treasury.

Due to our ability to rely upon the processing integrity of the Enterprise Resource Planning (ERP) System operated by the Department of Innovation and Technology, we were able to limit our receipt testing at the Board to determine whether certain key attributes were properly entered by the Board’s staff into the ERP System. In order to determine the operating effectiveness of the Board’s internal controls related to receipt processing, we selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the ERP System based on supporting documentation. The attributes tested were (1) amount, (2) fund being deposited into, (3) date of receipt, (4) date deposited, and (5) Statewide Accounting Management System (SAMS) Source Code.

We then conducted an analysis of the Board’s receipt data for Fiscal Years 2024 and 2025 to determine compliance with the State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)), noting the following noncompliance:

- The Board did not deposit one receipt item, \$10,000 or more, on the day received. It was deposited 20 days after it was received.
- The Board did not deposit one receipt item, exceeding \$500 but less than \$10,000, within 48 hours. It was deposited 56 days after it was received.

The Act (30 ILCS 230/2(a)) requires the Board to pay into the State treasury any single item of receipt exceeding \$10,000 on the day received. Additionally, receipt items totaling \$10,000 or more are to be deposited within 24 hours. Further, receipt items, in total exceeding \$500 but less than \$10,000, are to be deposited within 48 hours.

Board officials indicated transactions were refunds from grantees received over the holidays and grant managers were out of the office and unable to approve timely.

Failure to timely deposit receipts delays the recognition of available cash within the State Treasury and could delay the payment of State obligations. (Finding Code No. 2025-004, 2023-002, 2021-010)

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2025-004. **FINDING** (Receipt Processing Weakness) (Continued)

RECOMMENDATION

We recommend the Board deposit receipts within the timelines set by the Act.

BOARD RESPONSE

The Board agrees with the recommendation and has implemented a corrective action plan to ensure receipts are timely deposited.

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2025-005. **FINDING** (Inadequate Controls over Access to Systems and Applications)

The Board of Higher Education (Board) did not implement adequate internal controls related to systems and applications access and control.

During the examination period, we noted the Board had not formalized its access provisioning policies and procedures.

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 such as to develop access provisioning policies and procedures.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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 to maintain accountability over the State's resources.

Finally, this finding was first noted during the Board's compliance examination for the period ended June 30, 2021, four years ago. As such, Board management has been unsuccessful in implementing a corrective action plan to remedy this problem.

Board officials indicated the exceptions were due to competing priorities preventing them from establishing formal access provisioning policies.

The lack of adequate controls over access could result in unauthorized access and disclosure of confidential information. (Finding Code No. 2025-005, 2023-010, 2021-002)

RECOMMENDATION

We recommend the Board implement controls to formalize its access provisioning policies and procedures.

BOARD RESPONSE

The Board agrees with the recommendation and will implement the controls to formalize access provisioning via the appropriate policies and procedures.

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2025-006. **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Board of Higher Education (Board) had not implemented adequate internal controls related to cybersecurity programs, practices, and the control of confidential information.

The Board is statutorily responsible for “analyzing the needs and requirements of Illinois’ higher education system and modifying policies that guide the State’s system of public and private colleges and universities.” The Board was established to plan and coordinate the State’s system of colleges and universities. In order to carry out its mission, the Board utilizes several IT applications which contain confidential information and personal information.

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

- Developed a project management framework and system development standards to ensure new applications are adequately developed and implemented in accordance with management’s expectations.
- Developed a risk management methodology, documented its comprehensive risk assessment, or implemented risk reducing internal controls.
- Developed policies and procedures for reviewing and monitoring security implementation and violations.
- Developed processes to obtain and monitor security vulnerability reports.
- Developed a data classification policy or methodology to identify and ensure adequate protection of information.
- Developed an acceptable use policy.
- Developed a cybersecurity plan.

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2025-006. **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.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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, this finding was first noted during the Board's compliance examination for the period ended June 30, 2021, over four years ago. As such, Board officials have been unsuccessful in implementing a corrective action plan to remedy these problems.

Board officials indicated the exceptions were due to competing priorities preventing them from developing policies and procedures.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Board's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2025-006, 2023-011, 2021-006)

RECOMMENDATION

We recommend the Board implement controls related to cybersecurity programs, practices, and the control of confidential information. Specifically, we recommend the Board:

- Develop a project management framework and system development standards to ensure new applications are adequately developed and implemented in accordance with management's expectations.

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2025-006. **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

- Develop a risk management methodology, document its comprehensive risk assessment, and implement risk reducing internal controls.
- Develop policies and procedures for reviewing and monitoring security implementation and violations.
- Develop processes to obtain and monitor security vulnerability reports.
- Develop a data classification policy or methodology to identify and ensure adequate protection of information.
- Develop an acceptable use policy.
- Develop a cybersecurity plan.

BOARD RESPONSE

The Board agrees and will implement the recommendations as stated above.

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2025-007. **FINDING** (Lack of Adequate Controls over the Review of Internal Controls for Service Providers)

The Board of Higher Education (Board) did not implement adequate internal controls over its service providers.

The Board utilized service providers for hosting services, software as a service, and timekeeping software.

During the current year examination, we requested System and Organization Control (SOC) reports of three service providers; however, the Board was unable to provide the SOC reports. In addition, our testing indicated the Board had not:

- Documented the assessment of the SOC reports of the three out of three (100%) service providers; and
- Documented the assessment of the SOC reports' deviations, Complementary User Entity Controls (CUEC's), and subservice organizations for the three out of three (100%) service providers.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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.

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, requires 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 SOC reports or independent reviews.

Finally, this finding was first noted during the Board's compliance examination for the period ended June 30, 2021, four years ago. As such, Board officials have been unsuccessful in implementing a corrective action plan to remedy these problems.

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- 2025-007. **FINDING** (Lack of Adequate Controls over the Review of Internal Controls for Service Providers) (Continued)

Board officials indicated the exceptions were due to a lack of formal processes of documenting the SOC report review.

Without having adequate reviews of SOC reports or another form of independent internal controls review, the Board does not have assurance the service providers' internal controls are adequate. (Finding Code No. 2025-007, 2023-013, 2021-009)

RECOMMENDATION

We recommend the Board:

- Review all SOC reports to ensure the service providers' internal controls are adequate.
- Adequately document its assessment of the SOC reports' deviations, operation of CUECs, and subservice organizations.
- 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 to ascertain if a corrective action plan exists and when it will be implemented, any impact to the Board, and any compensating controls.

BOARD RESPONSE

The Board agrees and will follow the recommendations to ensure our review of the agency's service providers SOC reports are reviewed, assessed, and appropriate actions/remediations are taken via appropriate policies and procedures. Further, we will ensure records of the staff are created and maintained.

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2025-008. **FINDING** (Inadequate Controls over the Annual Agency Workforce Reporting)

The Board of Higher Education (Board) lacked adequate internal control over its annual Agency Workforce Report (Report).

During testing, we noted the following:

Fiscal Year 2023 Report (due in Fiscal Year 2024)

- The Board’s supporting documentation did not agree with the reported number of Caucasian females.
- The Report was submitted to the Governor and the Secretary of State 190 days and 196 days late, respectively.

Fiscal Year 2024 Report (due in Fiscal Year 2025)

- The Board’s supporting documentation did not agree with the reported number of employees with physical disabilities. In addition, we noted a discrepancy in the number of employees reported per income bracket.
- The Report was not submitted to the Secretary of State.

In addition, during our prior examination of the two years ended June 30, 2023, we noted problems with the Board’s Report for both Fiscal Year 2021 and Fiscal Year 2022. As such, we recommended the Board file corrected Reports for these years with the Governor’s Office and the Office of the Secretary of State within 30 days after the Board’s Compliance Examination report was released by the Auditor General. However, we noted the Board did not file the corrected Reports with the Governor’s Office and Office of the Secretary of State for either fiscal year.

The State Employment Records Act (Act) (5 ILCS 410/20) requires the Board to collect, classify, maintain, and file the annual Report covering the preceding fiscal year with the Governor and the Secretary of State with certain employment statistics for women, disabled persons, and minorities by January 1.

In addition, the Act (5 ILCS 410/15) requires the Board to collect and maintain the total number of persons employed by the Board who are part of the State workforce, and the number and statistical percentage of women, minorities, and physically disabled persons employed within the Board’s workforce.

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2025-008. **FINDING** (Inadequate Controls over the Annual Agency Workforce Reporting)
(Continued)

Further, the Illinois State Auditing Act (30 ILCS 5/3-2.2(b)) requires the Board to prepare and file with the Governor and the Secretary of State a corrected Report within 30 days after the Board’s Compliance Examination report was released by the Auditor General.

Also, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure information reported in the Report is accurate.

Board officials indicated the issues were caused by key employee turnover, human error, and mail delivery issues.

Filing an inaccurate and untimely Report inhibits the ability of the State to accumulate meaningful information to achieve a more diversified workforce, hinders governmental oversight, and results in noncompliance with the State laws, rules, and regulations. In addition, failure to file the corrected Reports for both Fiscal Year 2021 and Fiscal Year 2022 resulted in the Governor’s Office and Office of the Secretary of State having inaccurate information about the Board’s workforce and resulted in noncompliance with the Illinois State Auditing Act (30 ILCS 5/3-2.2(b)). (Finding Code No. 2025-008, 2023-008)

RECOMMENDATION

We recommend the Board implement procedures to ensure the Reports are accurate and timely filed with the Governor’s Office and Secretary of State. In addition, we recommend the Board file corrected Reports with the Governor and Secretary of State within 30 days after the release of this Compliance Examination report.

BOARD RESPONSE

The Board agrees with the recommendation and will implement corrective action to ensure the reports are accurate and timely filed. Additionally, the Board will file corrected reports for Fiscal Years 2021, 2022, 2023 and 2024 within 30 days of the release of this Compliance Examination report.

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2025-009. **FINDING** (Failure to Enforce Compliance with Grant Agreements)

The Board of Higher Education (Board) did not enforce compliance with rules and regulations regarding the administration of State grants awarded.

We selected a sample of seven of the Board’s grant programs active during Fiscal Year 2024 and Fiscal Year 2025 to test. These seven grant programs resulted in 18 grant agreements between the Board and various entities. During our testing, we noted the following conditions:

- Six of 72 (8%) quarterly reports tested were submitted 1 to 341 days late.

The grant agreements specified the quarterly reports should be submitted no later than 30 calendar days following the 3-month period covered by the report, specifically the required dates noted in Exhibit B of the agreements.

- Three of five (60%) audit reports tested were submitted 84 to 201 days late.

The grant agreements specified the audit reports were to be submitted within the earlier of (i) 30 calendar days after receipt of the auditor’s report(s) or (ii) 6 months after the end of the Grantee’s audit period.

- Four of 72 (6%) periodic and financial reports tested did not contain the required certification statement, and therefore, were not certified. In addition, one of 72 (1%) reports was not certified by the Grantee.

The grant agreements required the following certification: “By signing this report (or payment request), I certify to the best of my knowledge and belief that the report (or payment request) is true, complete, and accurate; that the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the State or federal pass-through award; and that supporting documentation has been submitted as required by the grant agreement. I acknowledge that approval for any item or expenditure described herein shall be considered conditional subject to further review and verification in accordance with the monitoring and records retention provisions of the grant agreement. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and

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2025-009. **FINDING** (Failure to Enforce Compliance with Grant Agreements) (Continued)

Title 31, Section 3729-3730 and 3810-3812).” Additionally, the Grant Accountability and Transparency Act (GATA) (30 ILCS 708/120) requires all periodic and final financial reports, and all payment requests under the grant agreement to include the previously stated certification.

Finally, this finding was first noted during the Board’s Compliance Examination for the period ended June 30, 2019, six years ago. As such, Board management has been unsuccessful in implementing a corrective action plan to remedy these problems.

Board officials indicated the exceptions were due to Grantees not providing required information to the Board in a timely manner and to human error.

Failure to enforce compliance with its grant agreements could impact the Board’s ability to monitor the grants properly. (Finding Code No. 2025-009, 2023-016, 2021-004, 2019-002)

RECOMMENDATION

We recommend the Board strengthen its internal controls to enforce compliance with rules and regulations regarding the administration of State grants awarded and working with Grantees to ensure required reports are submitted timely.

BOARD RESPONSE

The Board agrees with the recommendation and will work with colleges and universities to provide required reports and audits are submitted timely and that required certifications are included, as required by the terms of the grant.

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2025-010. **FINDING** (Noncompliance with Payment Card Industry Data Security Standards)

The Board of Higher Education (Board) did not adequately ensure compliance with the Payment Card Industry Data Security Standards (PCI DSS).

The Board agreed to use the Illinois State Treasurer’s ePAY program to accept credit card payments. In Fiscal Years 2024 and 2025, the Board handled 346 and 347 transactions, totaling \$280,425 and \$289,300, respectively. During testing, we noted the Board had not completed Self-Assessment Questionnaire A (SAQ A) for its programs accepting credit card payments in Fiscal Year 2025.

SAQ A was developed to address requirements applicable to merchants whose cardholder data functions have been completely outsourced to validated third parties and do not store, process, or transmit any cardholder data in electronic format on their systems or premises.

The Board is responsible for the design, implementation, and maintenance of internal controls related to its operations to ensure its critical and confidential data are adequately safeguarded. This responsibility is not limited due to the processes being outsourced.

To assist merchants in the assessments of their environment, the Payment Card Industry (PCI) Council has established Self-Assessment Questionnaires (SAQ) for validating compliance with PCI’s core requirements. At a minimum, PCI DSS requires completion of SAQ A, which highlights specific requirements to restrict access to paper and electronic media containing cardholder data, destruction of such media when it is no longer needed, and requirements for managing service providers. As additional elements, such as face-to-face acceptance of credit cards and point-of-sale solutions, are introduced into the credit card environment being assessed, additional PCI DSS requirements apply.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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.

Board officials indicated that they initially believed they were not obligated to complete SAQ A because of their use of the Illinois State Treasurer’s ePAY program and do not store, collect, or transmit credit card information. Upon further review, they now agree that utilizing the ePAY program requires completion of the SAQ A to ensure compliance with PCI DSS.

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2025-010. **FINDING** (Noncompliance with Payment Card Industry Data Security Standards) (Continued)

Failure to ensure compliance with PCI DSS increases the risk of unauthorized disclosure and unintended use of confidential information. (Finding Code No. 2025-010)

RECOMMENDATION

We recommend the Board ensure completion of SAQ A at least annually.

BOARD RESPONSE

The Board agrees with the recommendation and will complete the SAQ A annually.

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2025-011. **FINDING** (Noncompliance with the Illinois Governmental Ethics Act)

The Board of Higher Education (Board) did not comply with the Illinois Governmental Ethics Act (Act).

During our testing of the Board’s compliance with the Statements of Economic Interests (SOEI) requirements, we noted one of nine (11%) employees did not file a SOEI in Fiscal Year 2025

The Act (5 ILCS 420/4A-105) states by May 1 of each year a statement must be filed by each person whose position at that time subjects them to the filing requirements of Section 4A-101 or 4A-101.5 unless they have already filed a statement in relation to the same unit of government in that calendar year.

Board officials indicated the exception was due to a misunderstanding of the reporting timeframe for new employees required to file.

Failure to file the SOEI as required by the statute limits transparency, may expose the Board to potential conflicts of interest, and represents noncompliance with State laws. (Finding Code No. 2025-011)

RECOMMENDATION

We recommend the Board implement procedures to ensure timely filing of SOEI’s by employees.

BOARD RESPONSE

The Board agrees with the recommendation and has implemented corrective measures to prevent a repeat occurrence.

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2025-012. **FINDING** (Interagency Agreements Not Signed Timely)

The Board of Higher Education (Board) did not ensure interagency agreements were signed timely.

During testing, we noted one of nine (11%) interagency agreements were not signed by all parties prior to the effective date of the agreement. The agreement was signed 19 days after its effective date.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently and effectively and obligations and costs are in compliance with applicable laws. Good internal controls require the approval of agreements by both parties prior to each agreement's effective date.

Board officials disagreed with the exception and indicated that they did not believe it was necessary to sign an agreement prior to its effective date.

Failure to timely sign interagency agreements prevents all parties from timely assessing whether the agreement is reasonable and appropriate and increases the risk each party's responsibilities will not be properly or accurately documented prior to services being rendered. (Finding Code No. 2025-012, 2023-017)

RECOMMENDATION

We recommend the Board ensure interagency agreements are signed by all parties prior to the effective date of each agreement.

BOARD RESPONSE

The Board accepts the recommendation and has taken steps to address this finding by changing the boilerplate language of contracts but maintains that agreements do not need to be signed prior to its effective date.

ACCOUNTANTS' COMMENT

Prudent business practices require the execution of agreements prior to the effective date. Having fully executed agreements helps ensure there is clear evidence that all parties reviewed and agreed to the terms before obligations, services, or payments begin.

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2025-013. **FINDING** (Weaknesses in Contractual Services)

The Board of Higher Education (Board) did not exercise adequate controls over contractual services.

During testing, we noted one of eight contracts (13%), totaling \$500,000, was not filed with the Office of Comptroller (Comptroller) within 30 days of the execution date. The contract was filed 152 days after the due date.

The Illinois Procurement Code (30 ILCS 500/20-80(b)) requires any modification, amendment, or cancellation that changes the contractual liability to be filed within 30 calendar days of execution.

Board officials indicated the exception was due to staff turnover.

Failure to timely file contract amendments with the Comptroller may expose the State to unnecessary legal risks and represents noncompliance with State laws. (Finding Code No. 2025-013)

RECOMMENDATION

We recommend the Board strengthen internal controls to ensure contract amendments are filed with the Comptroller within the required 30-day timeframe.

BOARD RESPONSE

The Board agrees with the recommendation and has implemented procedures to prevent recurrence.

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2025-014. **FINDING** (Board Not Staffed as Required)

The Board of Higher Education (Board) was not staffed in accordance with the requirements set forth in the Board of Higher Education Act (Act).

During testing, we noted the following Board staffing conditions existed as of June 30, 2025:

- One public member stepped down effective November 1, 2023, leaving the position vacant for 607 days.
- Three public members who were appointed by the Governor with prior appointees' terms expired on July 1, 2023. One public member was appointed April 18, 2025, leaving the position vacant for 657 days, and the other public member was appointed May 31, 2024, leaving the position vacant for 335 days. One public university faculty member was appointed April 7, 2025, leaving the position vacant for 646 days.
- One public university representative was appointed as a public member on April 18, 2025, leaving the position vacant for 74 days in Fiscal Year 2025.

The Act (110 ILCS 205/3(b)) states the members of the Board shall continue to serve after the expiration of their terms until their successors have been appointed. The Act (110 ILCS 205/3(c)) also states vacancies on the Board in offices appointed by the Governor shall be filled by appointment by the Governor for the unexpired term. Further, the Act (110 ILCS 205/3(e)) states the member of the Board representing public university governing boards and the member of the Board representing private college and university boards of trustees, who are appointed by the Governor but not subject to confirmation by the Senate, shall serve terms of 3 years beginning on July 1.

Finally, this finding was first noted during the Board's Compliance Examination for the period ended June 30, 2019, six years ago. As such, Board management has been unsuccessful in implementing a corrective action plan to remedy these problems.

Board officials indicated they do not have the authority to appoint members, as the Governor is charged with the duty to appoint all public members of the Board.

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2025-014. **FINDING** (Board Not Staffed as Required) (Continued)

Failure to ensure the Board is staffed as required represents noncompliance with the Act and may hinder the Board’s ability to achieve a quorum. (Finding Code No. 2025-014, 2023-007, 2021-005, 2019-003)

RECOMMENDATION

We recommend the Board continue to work with the Governor to ensure members are timely appointed and members continue to serve until a new appointment is made.

BOARD RESPONSE

The Board agrees with the recommendation to work with the Governor’s Office for timely appointments to the Board.

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2025-015. **FINDING** (Noncompliance with the Dual Credit Quality Act)

The Board of Higher Education (Board) did not comply with the Dual Credit Quality Act (Act) on publication of dual credit information.

During testing, we noted the Board did not publish the annual reports of dual credit instructor professional development plans on its website.

The Act (110 ILCS 27/20(1)(c)) requires the Board to annually report and publish on its website information related to dual credit instructor professional development plans, including enrollment, completion, non-completion after three years, subject-area breakdowns, and summaries by community college district.

Board officials indicated that during the initial implementation period, the Board did not have a formalized internal process for preparing and publishing the annual Dual Credit report.

Failure to publish the required information could limit transparency and accountability over the oversight and outcomes of dual credit instructor professional development plans and resulted in noncompliance with the Act. (Finding Code No. 2025-015)

RECOMMENDATION

We recommend the Board establish and implement adequate controls to ensure all dual credit professional development plan information required by statute is published annually on its website.

BOARD RESPONSE

The Board agrees and has implemented corrective actions to ensure the report is published annually.

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2025**

A. **FINDING** (Inadequate Control over Compliance with Travel Regulations)

During the prior examination, the Board of Higher Education (Board) did not have adequate controls over compliance with travel regulations.

During the current examination, our testing indicated the Board’s internal controls over compliance with travel regulations had improved since the last examination. (Finding Code No. 2023-005)

B. **FINDING** (Noncompliance with Reporting Requirements)

During the prior examination, Board did not comply with the reporting requirements of the State Finance Act (Act).

During the current compliance examination, our testing indicated improvement over compliance with the reporting requirement of the Act. However, we continued to note certain immaterial conditions of noncompliance. As such, this matter was reported in the Board’s *Independent Accountant’s Report of Immaterial Findings*. (Finding Code No. 2023-006, 2021-007)

C. **FINDING** (Inadequate Controls over Performance Evaluations)

During the prior examination, the Board lacked adequate controls over evaluating employee performance.

During the current examination, our testing indicated the Board conducted timely performance evaluations of employees and updated its Personnel Policy to reflect guidelines on performance evaluations. (Finding Code No. 2023-009)

D. **FINDING** (Noncompliance with Employee Training Requirements)

During the prior examination, the Board failed to comply with employee training requirements.

During the current examination, our testing indicated Board employees completed the required trainings timely. (Finding Code No. 2023-012)

**STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Two Years Ended June 30, 2025**

E. FINDING (Weaknesses in Preparation of GAAP Reporting)

During the prior examination, the Board did not correctly report Assistance Listing Numbers and federal grant financial information in the year-end Generally Accepted Accounting Principles (GAAP) Reporting Packages to the Office of Comptroller and in the Schedule of Expenditures of Federal Awards.

During the current engagement, the auditor’s scope did not include procedures over the GAAP reporting packages. Therefore, this finding is not repeated. (Finding Code No. 2023-014, 2021-008)

F. FINDING (Inadequate Controls over Attendance Records)

During the prior examination, the Board did not have adequate controls over its employee attendance records.

During the current examination, our testing indicated Board employees timely submitted timesheets documenting time worked on State business for each work week. (Finding Code No. 2023-015)