



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

ILLINOIS STATE UNIVERSITY

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

Release Date: February 2, 2023

FINDINGS THIS AUDIT: 3	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	2	2	2020	22-01		
Category 2:	0	0	0	2018	22-02		
Category 3:	0	0	0				
TOTAL	0	2	2				
FINDINGS LAST AUDIT: 2							

INTRODUCTION

This digest covers the financial audit of Illinois State University (University) as of and for the year ended June 30, 2022. The University’s Single Audit and State compliance examination reports will be separately issued at a later date.

SYNOPSIS

- **(22-02)** The University had multiple computer security weaknesses.

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

ILLINOIS STATE UNIVERSITY
FINANCIAL AUDIT
For The Year Ended June 30, 2022

STATEMENT OF NET POSITION	2022	2021
Assets and Deferred Outflows of Resources		
Unrestricted		
Cash and cash equivalents.....	\$ 185,754,364	\$ 150,183,952
Receivables.....	25,707,075	44,551,241
Investments.....	6,005,479	-
Inventories, prepaid expenses, deposits, and other.....	10,784,862	12,008,427
Restricted		
Cash and cash equivalents.....	30,759,643	63,571,134
Receivables.....	4,686,789	4,804,570
Investments.....	143,939,521	96,824,500
Inventories, prepaid expenses, deposits, and other.....	338,032	958,881
Capital assets, net.....	525,167,053	521,405,450
Deferred outflows of resources.....	5,117,709	4,668,725
Total.....	<u>938,260,527</u>	<u>898,976,880</u>
Liabilities and Deferred Inflows of Resources		
Accounts payable and accrued liabilities.....	24,057,057	20,439,281
Revenue bonds and certificates of participation.....	188,166,808	176,211,825
Other.....	66,018,960	63,208,461
Deferred inflows of resources.....	8,663,655	6,058,922
Total.....	<u>286,906,480</u>	<u>265,918,489</u>
Net Position		
Net investment in capital assets.....	348,216,068	352,258,598
Restricted, expendable.....	154,460,806	153,064,702
Unrestricted.....	148,677,173	127,735,091
Total.....	<u>\$ 651,354,047</u>	<u>\$ 633,058,391</u>
REVENUES, EXPENSES, AND CHANGES IN NET POSITION	2022	2021
Revenues		
Tuition and fees, net.....	\$ 210,326,094	\$ 215,398,162
State appropriations.....	73,122,175	69,644,275
Auxiliary enterprises.....	84,393,773	59,958,332
Payments on behalf of the University - State.....	42,541,000	41,944,000
Special funding situation - Pension and OPEB.....	93,853,292	152,620,912
Other.....	165,115,082	144,025,048
Total.....	<u>669,351,416</u>	<u>683,590,729</u>
Expenses		
Instruction.....	190,262,125	212,819,776
Student services.....	63,836,760	66,030,429
Student aid.....	97,353,525	82,168,957
Auxiliary enterprises.....	79,299,569	73,574,307
Other.....	220,303,781	239,985,692
Total.....	<u>651,055,760</u>	<u>674,579,161</u>
Prior Period Adjustment.....	-	4,618,471
Change in net position.....	<u>\$ 18,295,656</u>	<u>\$ 13,630,039</u>
UNIVERSITY PRESIDENT		
During Audit Period: Dr. Terri Goss Kinzy (07/01/21 - 06/30/22)		
Currently: Dr. Terri Goss Kinzy		

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INFORMATION SECURITY WEAKNESSES

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

During testing, we identified the following security weaknesses:

- | | |
|---|--|
| IT policies did not reflect the current environment | <ul style="list-style-type: none">• The University's Information Technology (IT) policies and procedures were updated during the audit period to reflect the University's current environment or address future changes in processes and new systems, however the updates have not been reviewed and approved. |
| Appropriateness of users' access was not documented | <ul style="list-style-type: none">• The University did not formally document whether users' roles within its applications were appropriate for all departments. |
| Segregation of duties not reviewed | <ul style="list-style-type: none">• The University did not conduct segregation of duties reviews between development and production environments for systems where University personnel have development responsibilities. |
| Users with access after their access should have been revoked | <ul style="list-style-type: none">• For Colleague, an application used for financial reporting, and iPeople, the University's human resources and payroll application, we noted some users still had access to the application after the University's period for removing access had passed. |
| University officials unable to show access rights of terminated employees were appropriate | <ul style="list-style-type: none">• During our review of user access listings during December 2021, we noted some users with general access to the various University systems, which was previously necessary based on their prior job duties, still had this access after their termination. While it is possible some of this access was appropriate after the employee's termination date, the University was unable to show the access rights which remained were appropriate. |
| Exemptions for failed patches did not have a process or procedure | <ul style="list-style-type: none">• The University has not established a process or procedure for timely documenting its risk analysis and reasoning for when a failed patch of its system endpoints and servers can be exempted. (<u>Report Required Under Government Auditing Standards</u>, Finding 2, pages 7-9) This finding has been reported since 2018. |

We recommended the University implement adequate security, including:

Auditor’s Recommendation

- approving the updated policies and procedures to (1) reflect the University's current environment and (2) address future changes in processes and new systems;
- document, during formal user access reviews, the appropriateness of each user’s access to the University’s applications for all departments;
- perform an annual review of segregation of duties or compensating controls exist for University personnel with development responsibilities;
- ensuring access to all applications is terminated in a timely manner and any access remaining after an individual departs from the University is limited and appropriate; and,
- establishing a process or procedure to ensure all devices are timely patched with vendor updates and that any failed patches of system endpoints and servers have a documented risk assessment and reasoning for why an exemption to the patching requirement is necessary.

University officials agree

University officials concurred with our finding.

OTHER FINDING

The remaining findings pertain to inadequate internal controls over census data and improper calculation of net investment in capital assets. We will review the University’s progress towards the implementation of our recommendations in our next financial audit.

AUDITOR’S OPINION

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

This financial audit was conducted by RSM US LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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