



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

CHICAGO STATE UNIVERSITY

Financial Audit
 For the Year Ended June 30, 2021

Release Date: June 22, 2022

FINDINGS THIS AUDIT: 3	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2020	21-03	21-01, 21-02	
Category 2:	0	2	2				
Category 3:	0	0	0				
TOTAL	0	3	3				
FINDINGS LAST AUDIT: 3							

INTRODUCTION

This digest covers the Chicago State University’s (University) Financial Audit as of and for the year ended June 30, 2021. The University’s Compliance Examination and Single Audit reports were separately issued.

SYNOPSIS

- (21-02) The University had weaknesses over change management.
- (21-03) The University did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

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

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

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

CHICAGO STATE UNIVERSITY
FINANCIAL AUDIT
For the Year Ended June 30, 2021

REVENUES, EXPENSES, AND CHANGES IN NET POSITION	2021	2020
Operating Revenues		
Student tuition and fees, net.....	\$ 13,954,633	\$ 17,178,673
Federal grants and contracts.....	4,729,433	5,746,554
State and local grants and contracts.....	188,435	284,370
Nongovernmental grants and contracts.....	1,158,148	274,763
Auxiliary enterprises.....	4,677,739	6,721,419
Other operating revenues.....	41,589	2,266
Total Operating Revenues.....	<u>24,749,977</u>	<u>30,208,045</u>
Operating Expenses		
Instruction.....	51,280,162	40,959,420
Research.....	1,178,821	1,054,292
Public service.....	2,601,915	2,662,727
Academic support.....	8,257,315	7,421,386
Student services.....	6,050,616	5,537,490
Institutional support.....	18,737,774	16,471,976
Operations and maintenance of plant.....	16,264,456	14,427,390
Depreciation.....	4,672,719	5,132,643
Scholarship and fellowship.....	6,859,957	7,215,500
Auxiliary enterprises.....	9,852,620	9,200,711
Total Operating Expenses.....	<u>125,756,355</u>	<u>110,083,535</u>
Operating (Loss).....	<u>(101,006,378)</u>	<u>(79,875,490)</u>
Nonoperating Revenues (Expenses)		
State appropriations.....	38,325,900	36,926,151
Special funding situation.....	39,139,746	21,591,918
On-behalf payments.....	7,343,000	5,645,000
Federal and State nonoperating grants.....	15,961,592	11,850,708
Investment income.....	33,156	321,397
Interest on capital assets - related debt.....	(293,816)	(375,849)
Other, net.....	2,681,041	903,862
Increase (Decrease) in Net Position.....	<u>2,184,241</u>	<u>(3,012,303)</u>
Net position, beginning of year (as previously reported).....	143,624,753	145,987,165
Prior Period Adjustment.....	5,534,631	649,891
Net position, beginning of year (as restated).....	<u>149,159,384</u>	<u>146,637,056</u>
Net position, end of year.....	<u>\$ 151,343,625</u>	<u>\$ 143,624,753</u>

STATEMENT OF NET POSITION	2021	2020
Cash and Cash Equivalents.....	\$ 23,079,484	\$ 23,481,972
Balance in State Appropriation	2,135,046	6,200,276
Capital Assets, net.....	139,388,569	140,851,797
Other Assets.....	9,344,953	6,624,394
Total Assets.....	<u>173,948,052</u>	<u>177,158,439</u>
Deferred Outflows of Resources - Pension Contributions.....	496,619	523,495
Current Liabilities.....	9,673,119	12,865,827
Bonds Payable.....	3,505,000	5,115,000
Other Noncurrent Liabilities.....	8,908,101	10,140,199
Total Liabilities.....	<u>22,086,220</u>	<u>28,121,026</u>
Deferred Inflows For OPEB Expense.....	1,014,826	5,936,155
Net Position.....	<u>\$ 151,343,625</u>	<u>\$ 143,624,753</u>

UNIVERSITY PRESIDENT

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

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

CHANGE CONTROL WEAKNESSES

The University had weaknesses over change management.

We tested a sample of seven program changes made to the University's Enterprise Application Software, noting:

Changes developed without change requests and approvals

- Seven changes (100%) did not have a change request documented.
- Seven changes (100%) did not have evidence of approval prior to the development of the change.

Inadequate segregation of duties

- Seven changes (100%) were developed and deployed to the production environment by the same individual without maintaining adequate segregation of duties.

Changes deployed to production without user testing and approvals

- Four changes (57%) did not have evidence of user acceptance testing and approval prior to deployment of the changes to the production environment. (Finding 2, pages 68-69)

We recommended the University comply with its Change Management Process, including the completion of Request for Change forms, approval of changes prior to development, and testing and approval of changes prior to implementation to production. In addition, we recommended adequate segregation of duties be observed to prevent the risk that unauthorized changes are moved to production.

University officials agreed with our recommendation

University officials concurred with the recommendation.

INADEQUATE INTERNAL CONTROLS OVER CENSUS DATA

The University did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

During testing, we noted the following:

Initial complete reconciliation of its census data was not performed

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

Incremental reconciliation of its census data was not performed

- The University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University’s internal supporting records. (Finding 3, pages 70-74)

We recommended the University work with SURS to annually reconcile its active members’ census data from its underlying records to a report of census data submitted to SURS’ actuary and CMS’ actuary. In addition, we recommended after completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods.

University officials agreed with our recommendation

University officials agreed with the recommendation and stated the University has been working with SURS and CMS to develop a reconciliation process. University officials also stated the University requested and received necessary employee data from SURS and Governor’s State University and has acted accordingly on that information. University officials further stated documentation and cross-training has also begun to improve processes, minimize errors, and provide a system of secondary review.

OTHER FINDING

The remaining finding pertains to weaknesses over computer security. We will review the University’s progress towards the implementation of our recommendations in our next audit.

AUDITOR’S OPINION

The auditors stated the financial statements of the University as of and for the year ended June 30, 2021, are fairly stated in all material respects.

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

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:vrp