

Chicago State University

**A COMPONENT UNIT OF THE
STATE OF ILLINOIS**

STATE COMPLIANCE EXAMINATION

**FOR THE YEAR ENDED
JUNE 30, 2022**

**PERFORMED AS SPECIAL
ASSISTANT AUDITORS FOR THE
AUDITOR GENERAL,
STATE OF ILLINOIS**

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2022

TABLE OF CONTENTS

<i>State Compliance Examination Report</i>	<u>Page</u>
University Officials	1
Management Assertion Letter	3
State Compliance Report	
Summary	5
Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance	8
Schedule of Findings	
Current Findings	11
Prior Finding Not Repeated	41
Other Reports Issued Under a Separate Cover	
The Chicago State University’s <i>Financial Audit and Federal Single Audit</i> for the year ended June 30, 2022, were issued under separate covers.	

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2022

UNIVERSITY OFFICIALS

President	Ms. Zaldwaynaka Scott, Esq.
Chief of Staff	Mr. Kim Tran
Interim Provost and V.P. for Academic Affairs	Dr. Leslie Roundtree
General Counsel, Chief Compliance Officer & V.P. of Legal Affairs (06/01/22 – Present)	Mr. Jason Carter
Interim General Counsel, Chief Compliance Officer & V.P. of Legal Affairs (07/01/21 – 07/15/22)	Mr. Walter Pryor
Interim CFO & V.P. of Financial Operations (10/24/22 – Present)	Mr. Dennis Stark
CFO & V.P. of Financial Operations (10/08/22 – 10/23/22)	Vacant
CFO & V.P. of Financial Operations (07/01/21 – 10/07/22)	Mr. Craig Duetsch
Executive Director/Controller	Ms. Rona Lagdamen, CPA
Chief Internal Auditor (10/17/22 – Present)	Mr. Stetson Marshall
Chief Internal Auditor (06/18/22 – 10/16/22)	Vacant
Chief Internal Auditor (07/01/21 – 06/17/22)	Ms. Natalie Covello

BOARD OF TRUSTEES

Chair	Ms. Andrea Zopp, Esq.
Vice Chair (01/01/22 – Present)	Mr. Mark Schneider, Esq.
Vice Chair (07/01/21 – 12/31/21)	Vacant
Secretary (01/01/22 – Present)	Ms. Angelique David
Secretary (07/01/21 – 12/31/21)	Mr. Mark Schneider, Esq.
Member	Mr. Brian Clay, M.D.
Member (03/28/22 – Present)	Mr. Jason Quiara
Member (01/01/22 – 03/27/22)	Vacant
Member (07/30/21 – 12/31/21)	Ms. Angelique David
Member (07/01/21 – 07/29/21)	Vacant
Member (09/08/21 – Present)	Mr. Cory Thames
Member (07/01/21 – 09/07/21)	Vacant
Member (03/28/22 – Present)	Ms. Cheryl Watkins
Member (11/01/21 – 03/27/22)	Vacant
Member (07/01/21 – 10/31/21)	Mr. Louis Carr
Student Member (07/01/21 – Present)	Ms. Essence Smart

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2022

UNIVERSITY OFFICE

The University's primary administrative office is located at:

9501 S. King Drive
Chicago, Illinois 60628



MANAGEMENT ASSERTION LETTER

March 21, 2023

Roth & Company, LLP
815 W. Van Buren Street, Suite 500
Chicago, Illinois 60607

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 Chicago 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, 2022. Based on this evaluation, we assert that during the year ended June 30, 2022, 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. Other than what has been previously disclosed and reported in the Schedule of Findings, 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,

Chicago State University

SIGNED ORIGINAL ON FILE

Ms. Zaldwaynaka Scott, Esq.
President

SIGNED ORIGINAL ON FILE

Mr. Dennis Stark
Interim CFO and V.P. of Financial Operations

SIGNED ORIGINAL ON FILE

Mr. Jason Carter
General Counsel, Chief Compliance Officer & V.P. of Legal Affairs

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2022

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 or disclaimers, but does contain a modified opinion on compliance and identifies a material weakness over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	14	10
Repeated Findings	9	9
Prior Recommendations Implemented or Not Repeated	1	5

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2022-001	11	2021/2020	Inadequate Internal Controls over Census Data	Material Noncompliance and Material Weakness
2022-002	14	2021/2020	Weaknesses over Computer Security	Noncompliance and Significant Deficiency
2022-003	16	New	Failure to Obtain Student Verification Documents	Noncompliance and Significant Deficiency
2022-004	18	New	Noncompliance with Special Tests and Provisions – Student Financial Aid Information Security	Noncompliance and Significant Deficiency
2022-005	20	New	Failure to Notify Students Upon Disbursement of Funds	Noncompliance and Significant Deficiency

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2022

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)				
2022-006	22	2021/2020	Lack of Adherence to Controls and Noncompliance with Requirement Applicable to the Education Stabilization Fund	Noncompliance and Significant Deficiency
2022-007	24	2021/2016	Inadequate Controls over Contractual Services Expenditures	Noncompliance and Significant Deficiency
2022-008	27	2021/2020	Lack of Adequate Controls over Review of Internal Controls over Service Providers	Noncompliance and Significant Deficiency
2022-009	30	2021/2021	Noncompliance with the Chicago State University Law	Noncompliance and Significant Deficiency
2022-010	31	2021/2020	Weaknesses in Cybersecurity Programs and Practices	Noncompliance and Significant Deficiency
2022-011	34	2021/2020	Inadequate Disaster Recovery Process	Noncompliance and Significant Deficiency
2022-012	36	2021/2020	Change Control Weaknesses	Noncompliance and Significant Deficiency
2022-013	38	New	Weaknesses over Maintenance of Employment Eligibility Verification Forms	Noncompliance and Significant Deficiency
2022-014	40	New	Employee Performance Evaluations Not Completed or Timely Completed	Noncompliance and Significant Deficiency
Prior Finding Not Repeated				
A	41	2021/2020	Inadequate Controls Over the Preparation of the Schedule of Expenditures of Federal Awards	

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2022

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Mr. Stetson Marshall, Chief Internal Auditor, on January 23, 2023 to discuss findings 2022-001 and 2022-02. The responses to the recommendations were provided by Mr. Stetson Marshall, Chief Internal Auditor, in a correspondence dated February 1, 2023.

The remaining findings and recommendations appearing in this report were discussed with the University personnel at an exit conference on March 16, 2023.

Attending were:

Chicago State University

Ms. Zaldwanayka Scott, Esq., President
Ms. Aspen Clemons, Deputy Chief of Staff, Office of the President
Mr. Dennis Stark, Interim CFO and V.P. of Financial Operations
Mr. Stetson Marshall, Chief Internal Auditor
Ms. Robin M. Hawkins, Esq., Associate V.P. and Senior Associate General Counsel
Ms. Freda Richmond, Associate Director of Compliance and Risk Management

Office of the Auditor General

Mr. Reddy Bommarreddi, CPA, CISA, Senior Audit Manager

Roth & Co, LLP

Ms. Marites Sy, CPA, CIA, CISA, CGMA, Partner
Ms. Ivory Pineda, CPA, Manager

The responses to these recommendations were provided by Mr. Stetson Marshall, Chief Internal Auditor, in correspondences dated March 21, 2023.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Chicago State University

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Chicago 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, 2022. 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 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 University's compliance with the specified requirements.

Our examination disclosed material noncompliance with the specified requirement C applicable to the University during the year ended June 30, 2022. As described in the accompanying Schedule of Findings as item 2022-001, the University had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting systems, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the University complied with the specified requirements during the year ended June 30, 2022, 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 2022-002 through 2021-014.

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.

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 a material weakness 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 item 2022-001 to be a material weakness.

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 2022-002 through 2022-014 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
March 21, 2023



CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-001. **FINDING** Inadequate Internal Controls over Census Data

The Chicago State University (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.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or 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 valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the 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 the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program 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 SURS, along with census data for the other participating members provided by the State's four other pension plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 financial statements.

During testing, we noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, 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.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-001. **FINDING** Inadequate Internal Controls over Census Data (Continued)

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

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2021.

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

In addition, the Illinois Pension Code (40 ILCS 5/15-139.5) (Code) requires an employer who employs or re-employs a person receiving a retirement annuity from the System in an academic year beginning on or after August 1, 2013 to notify the System of that employment within 60 days after employing the annuitant.

University management indicated the University continued to rely on manual reconciliation processes which were not fully adequate to ensure accuracy and consistency among SURS, CMS, and the records retained at the University. In addition, University management indicated the untimely notification was due to substantial employee turnover which impacted the flow of information between the University and SURS.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of 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. In addition, failure to timely notify SURS of the re-employment of the annuitant results in noncompliance with the Code and could result in a misstatement to the University's financial statements. (Finding Code No. 2022-001, 2021-003, 2020-003)

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-001. **FINDING** Inadequate Internal Controls over Census Data (Continued)

RECOMMENDATION

We recommend the University continue to work with SURS to complete the base year reconciliation of Fiscal Year 2021 active members' census data from its underlying records to a report of census data submitted to SURS' actuary and CMS' actuary. 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. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

Further, we recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

UNIVERSITY RESPONSE

The University agrees with the finding and recommendation and has been working with SURS to develop a reconciliation process.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-002. **FINDING** Weaknesses over Computer Security

The Chicago State University (University) did not maintain adequate controls over computer security.

The University had invested in computer hardware and systems and established several critical, confidential, or financially sensitive systems for use in meeting its mission. However, the University did not have controls to ensure adequate security controls over their computing environment. During testing, we noted:

- Separated employees continued to have access to the University’s environment.
- Weaknesses over data center physical security.
- Weaknesses over network configurations and recovery.
- Information Technology (IT) infrastructure was not secured properly.

This finding was first reported in Fiscal Year 2020. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve its controls over computer security.

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 (NIST), Access Control section, requires timely termination of access rights; System and Information Integrity section requires implementation of security protection mechanisms; Physical and Environmental Protection section, requires adequate physical security; and System and Services Acquisition section requires a properly secured infrastructure.

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 resources are utilized efficiently and effectively and in compliance with applicable law.

University management indicated the issues were due to resource constraints and not having an IT Security Officer.

Failure to have adequate security controls over computing resources increases the risk of unauthorized access to the computing environment and the risk that confidentiality, integrity, and availability of systems and data will be compromised. (Finding Code No. 2022-002, 2021-001, 2020-001)

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-002. **FINDING** Weaknesses over Computer Security (Continued)

RECOMMENDATION

We recommend the University:

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

UNIVERSITY RESPONSE

The University agrees with the finding and is developing a corrective action plan to address the lack of controls over computer systems.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-003. **FINDING** Failure to Obtain Student Verification Documents

Federal Agency:	U.S. Department of Education
Assistance Listing Numbers:	84.063; 84.268
Program Names:	Student Financial Assistance Cluster - Federal Pell Grant Program Federal Direct Student Loans
Program Expenditures:	\$4,213,853; \$20,166,174
Award Numbers:	P063P211351; P268K221351
Questioned Costs:	None

The Chicago State University (University) did not obtain and review student verification documents.

For Academic Year 2021-2022, the Department of Education waived the verification of most Free Application for Federal Student Aid (FAFSA) information, except for Identity/Statement of Educational Purpose and High School Completion Status. During testing of 25 students selected for verification, we noted the University did not obtain supporting documentation to verify the identity of two (8%) students. The sample methods used in performing this testing were not statistically valid.

The Federal Student Aid Publication (GEN-21-05) – *Changes to 2021-2022 Verification Requirements*, dated July 13, 2021, waived verification of information of students applying for financial assistance except for verification of documents for Identity/Statement of Educational Purpose and High School Completion Status of certain verification groups.

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

University management indicated the failure to obtain verification documents was due to oversight.

Failure to obtain verification documents in accordance with federal regulations may result in students receiving awards for which they are ineligible and the University incurring unallowable costs. (Finding Code No. 2022-003)

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-003. **FINDING** Failure to Obtain Student Verification Documents (Continued)

RECOMMENDATION

We recommend the University ensure student verification documents are obtained, reviewed, and maintained.

UNIVERSITY RESPONSE

The University agrees with the finding and is developing a corrective action plan for implementation.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-004. **FINDING** Noncompliance with Special Tests and Provisions – Student Financial Aid Information Security

Federal Agency:	U.S. Department of Education
Assistance Listing Numbers:	84.007; 84.033; 84.038; 84.063; 84.268; 84.379; 93.925
Program Names:	Student Financial Assistance Cluster - Federal Supplemental Educational Opportunity Grants Federal Work-Study Program Federal Perkins Loan Program Federal Pell Grant Program Federal Direct Student Loans Teacher Education Assistance for College and Higher Education Grants Scholarships for Health Professions Students from Disadvantaged Background
Program Expenditures:	\$359,412; \$432,302; \$1,264,604; \$4,213,853; \$20,166,174; \$26,878; \$860,306
Award Numbers:	P007A221121; P033A221121; P063P211351; P268K221351; P379T221351
Questioned Costs:	None

The Chicago State University (University) did not perform risk assessment procedures and document safeguards for each risk identified in relation to student financial aid information.

According to the University’s Program Participation Agreement with the Department of Education, the University is required to protect student financial aid information. During our testing, we noted the University had not conducted a risk assessment identifying internal and external risks to the security, confidentiality, and integrity of student information.

The Standards for Safeguarding Customer Information, required by the Gramm-Leach-Bliley Act (GLBA) (16 CFR § 314.4 (b)), require the University to identify reasonable foreseeable internal and external risks to the security, confidentiality, and integrity of student information that could result in the unauthorized disclosure, misuse, alteration, destruction or other compromise of such information, and assess the sufficiency of any safeguards in place to control these risks. At a minimum, such a risk assessment should include consideration of risk in each relevant area of operations, including:

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-004. **FINDING** Noncompliance with Special Tests and Provisions – Student Financial Aid Information Security (Continued)

- (1) Employee training and management;
- (2) Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and
- (3) Detecting, preventing and responding to attacks, intrusions, or other system failures.

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

In addition, the Framework for Improving Critical Infrastructure Cybersecurity published by the National Institute of Standards and Technology (NIST) requires entities to perform a risk assessment and establish a risk mitigation plan to minimize identified risks.

University management indicated the issues were due to the vacancy of an Information Technology Security Officer position.

Without a risk assessment, the University is at risk of noncompliance with the GLBA. In addition, the University's systems and information could be vulnerable to attacks or intrusions, and these attacks may not be detected in a timely manner. (Finding Code No. 2022-004)

RECOMMENDATION

We recommend the University strengthen controls to ensure adequate risk assessment procedures are performed and documentation of safeguards for each risk identified in relation to student information security is maintained.

UNIVERSITY RESPONSE

The University agrees with the finding and is developing a corrective action plan for implementation.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-005. **FINDING** Failure to Notify Students Upon Disbursement of Funds

Federal Agency:	U.S. Department of Education
Assistance Listing Numbers:	84.268; 84.379
Program Names:	Student Financial Assistance Cluster - Federal Direct Student Loans Teacher Education Assistance for College and Higher Education Grants
Program Expenditures:	\$20,166,174; \$26,878
Award Number:	P268K221351
Questioned Costs:	None

The Chicago State University (University) did not notify the students upon disbursement of grant funds and loans.

During testing of nine students, who received Teacher Education Assistance for College and Higher Education Grants (TEACH) totaling \$21,220, we noted six (67%) students with grant disbursements totaling \$16,505 were not notified by the University indicating the funds were credited to the students' accounts. The sample methods used in performing this testing were not statistically valid.

In addition, during testing of 25 students, who received Federal Direct Student Loans totaling \$447,363, we noted 25 (100%) students were not notified by the University indicating the funds were credited to the students' accounts. The sample methods used in performing this testing were not statistically valid.

The Code of Federal Regulations (Code) (34 CFR § 668.165 (a)(3)(i)) requires the University to notify students or parents in writing no earlier than 30 days before, and no later than 30 days after, crediting the students' ledger account at the University with TEACH Grant funds or Federal Direct Student Loans.

Further, the Code (2 CFR § 200.303) requires the nonfederal entity receiving federal awards to establish and maintain effective internal control over the federal award to provide reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls include procedures to ensure timely notification of disbursements to students receiving TEACH Grants and Federal Direct Loans.

University management indicated the failure to timely notify students upon disbursements of TEACH grants and Direct Loans was due to resource constraints.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-005. **FINDING** Failure to Notify Students Upon Disbursement (Continued)

Failure to timely notify students upon disbursement of funds resulted in noncompliance with the Code. (Finding Code No. 2022-005)

RECOMMENDATION

We recommend the University strengthen controls to ensure timely notification is sent to students upon disbursement of grant funds and loans.

UNIVERSITY RESPONSE

The University agrees with the finding and is developing a corrective action plan for implementation.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-006. **FINDING** Lack of Adherence to Controls and Noncompliance with Requirement Applicable to the Education Stabilization Fund

Federal Agency:	U.S. Department of Education
Assistance Listing Numbers:	84.425E; 84.425F; 84.425L
Program Names:	Higher Education Stabilization Fund - COVID-19 - Higher Education Emergency Relief Fund - Student Aid Portion COVID-19 - Higher Education Emergency Relief Fund - Institutional Portion COVID-19 - Higher Education Emergency Relief Fund - Minority Serving Institutions
Program Expenditures:	\$4,008,386; \$3,338,668; \$436,450
Award Numbers:	425E201661; P425F201393; P425L200359
Questioned Costs:	None

The Chicago State University (University) did not utilize the updated quarterly reporting form to report its Higher Education Emergency Relief Fund (HEERF) student and institutional aid awards.

During testing, we noted one of four (25%) quarterly reporting forms utilized for reporting HEERF awards was outdated. As such, the information reported by the University did not include certain data required by the Department of Education.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted into Public Law 116-136. Section 18004(a)(1) of the CARES Act established the HEERF I program which authorizes the Secretary of Education (Secretary) to allocate funding to eligible institutions of higher education to prevent, prepare for, and respond to the coronavirus pandemic (COVID-19). Subsequently, additional grants from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act of 2021 (ARP) were received, establishing the HEERF II and HEERF III programs, respectively, to continuously support public and non-profit institutions and students.

Under the CARES, CRRSSA, and ARP Acts, an institution is required to complete and post on its website a quarterly and annual report of its HEERF grant expenditures using the form designed by the Department of Education to help ensure funding transparency and public accountability.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-006. **FINDING** Lack of Adherence to Controls and Noncompliance with Requirement Applicable to the Education Stabilization Fund (Continued)

The *Higher Education Emergency Relief Fund III Frequently Asked Questions, Question 36*, published by the Department of Education, requires the University to utilize the new quarterly reporting form beginning June 30, 2022, reporting period. The new quarterly reporting form includes new reporting categories on mental health spending, HEERF (a)(2) construction flexibilities, and lost revenue and combines the separate institutional and student reporting requirement.

The Code of Federal Regulations (Code) (2 CFR § 200.303) requires the University to establish and maintain effective internal control over the federal award to provide reasonable assurance the University is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure compliance with grant reporting requirements.

This finding was first reported in Fiscal Year 2020. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve its controls over HEERF awards.

University management indicated the failure to use the correct reporting form was due to lack of coordination between staff involved in the reporting process.

Failure to comply with the grant reporting requirements of the HEERF programs results in noncompliance with the CARES, CRRSAA, and ARP Acts, grant agreements, and the Code. (Finding Code No. 2022-006, 2021-004, 2020-005)

RECOMMENDATION

We recommend the University strengthen its controls to ensure updated forms are used to report its HEERF student and institutional aid awards.

UNIVERSITY RESPONSE

The University agrees with the finding and has implemented a corrective action plan to improve internal controls related to posting of HEERF reports and submission of the Governor's Emergency Education Relief Fund reports.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-007. **FINDING** Inadequate Controls over Contractual Services Expenditures

The Chicago State University (University) did not have adequate controls over contractual services expenditures.

During our review of 25 contracts (totaling \$6,205,786), including purchase orders, executed during the fiscal year ended June 30, 2022, we noted the following:

- Two contracts (totaling \$4,388,389) were executed subsequent to the start date of the contracts. The contract execution dates were 12 and 43 days from the commencement of services.
- Six contracts (totaling \$304,756) were filed two days late to the Office of Comptroller and two contracts (totaling \$190,000) were not filed with the Office of Comptroller.
- Disclosure of financial interest statement of one contract (totaling \$75,000) was not obtained.
- Two exempt purchases (totaling \$230,000) were not published timely in the Illinois Procurement Bulletin. The contracts were published 23 and 34 days from the contract execution date.
- One professional contract (totaling \$155,000) was not approved by the Board of Trustees.
- Two contracts (totaling \$4,734,889), each exceeding \$250,000, were not signed and approved by the Chief Financial Officer and/or Chief Legal Counsel.
- Six contracts (totaling \$259,776) were not supported with three price quotations and at least one of the three quotes from a Business Enterprise Program Certified Vendor.

This finding was first reported during the year ended June 30, 2016. In the subsequent years, the University has been unsuccessful in implementing appropriate corrective action.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-007. **FINDING** Inadequate Controls over Contractual Services Expenditures
(Continued)

Failure to fully execute a contract prior to the commencement of services leaves the University vulnerable to unnecessary liabilities and potential legal issues. In addition, failure to timely file contracts with the Office of Comptroller, obtain financial interest statement from vendors, timely publish contracts in the Illinois Procurement Bulletin, include all appropriate signatures, and failure to ensure contracts are supported by three price quotes result in noncompliance with the University procurement policies and procedures, and State statutes and regulations. (Finding Code No. 2022-007, 2021-006, 2020-007, 2019-006, 2018-004, 2017-010, 2016-010)

RECOMMENDATION

We recommend the University establish appropriate procedures to ensure all contracts are completed, approved, and properly executed prior to the commencement of services. Further, we recommend the University review its procedures to ensure disclosures are obtained prior to the execution of contracts, contracts are supported by three price quotes when required, posted in the Illinois Procurement Bulletin, and filed with the Office of Comptroller in accordance with the State statutes and guidelines.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University provides monthly procurement training for staff and continues to update its procurement documentation and guidelines. Purchasing activities that do not conform to established requirements prompt the engagement of senior campus leadership with noncompliant departments.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-008. **FINDING** Lack of Adequate Controls over Review of Internal Controls over Service Providers

The Chicago State University (University) did not have adequate internal controls over its service providers.

The University entered into agreements with various service providers to assist in some of its needed processes to operate effectively and efficiently such as: (1) payment system for receipts and expenditures, (2) purchasing system, (3) processing payments to Perkins student loans, and (4) tracking of University property and equipment.

During testing of two service providers, we noted the University had not:

- Implemented a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms for two (100%) service providers.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the University’s operations identified in the SOC reports for two (100%) service providers.
- Obtained and reviewed System and Organization Controls (SOC) reports of the subservice organizations or performed alternative procedures to determine the impact of the subservice organization on the University’s internal control for two (100%) service providers.
- Conducted an analysis to determine the impact of the noted deviations within the SOC report on the University’s internal control for one (50%) service provider.

This finding was first reported in Fiscal Year 2020. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve its controls over service providers.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-008. **FINDING** Lack of Adequate Controls over Review of Internal Controls over 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 (NIST), 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 System and Organization Control reports or independent reviews.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal 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 and statistical reports to maintain accountability over the State’s resources. Strong management controls, due diligence, and fiduciary responsibility require adequate supervision of service providers.

University management indicated there were no centralized documentation guidelines covering contract management. University management also indicated the issues identified were due to staff turnover.

Failure to review compliance of the service providers with contractual terms may result in obligations and services not being met. Failure to consider the application of CUECs to the University and perform additional assessments on the subservice providers lessens the effectiveness of reliance on the SOC reports as an element of its internal control structure. Failure to conduct an analysis to determine the impact of deficiencies in the service provider’s control environment could impact the University’s internal controls. (Finding Code No. 2022-008, 2021-007, 2020-012)

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-008. **FINDING** Lack of Adequate Controls over Review of Internal Controls over Service Providers (Continued)

RECOMMENDATION

We recommend the University:

- Implement a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms with the service providers.
- Review SOC reports and monitor and document the operation of CUECs relevant to the University’s operations.
- Obtain and review SOC reports for subservice providers or perform alternative procedures to determine the impact on the University’s internal control environment.
- Document the deviations noted in the SOC reports and perform an analysis of the impact of those deviations on the University’s internal control environment.

UNIVERSITY RESPONSE

The University agrees with the finding and has amended contracts to include requirements to ensure SOC reports are received and reviewed as applicable.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-009. **FINDING** Noncompliance with the Chicago State University Law

The Chicago State University (University) did not fully comply with the requirements of the Chicago State University Law regarding flexible hours positions.

The University Board of Trustees (Board) established goals for flexible hours positions at the University. The Board passed a resolution in 2013 to achieve a goal of having 20% of its employees working flexible schedules by 2016. During testing, we noted the University reached its 20% goal; however, the University did not begin the process of evaluating the effectiveness and efficiency of the flexible hours program.

The Chicago State University Law (110 ILCS 660/5-100) requires when a goal of 20% of the positions on a campus being available on a flexible hour basis has been reached, the Board has to evaluate the effectiveness and efficiency of the program and determine whether to expand the number of positions available for flexible hours.

University management stated employee turnover prevented the University in creating and implementing a mechanism to begin the evaluation of the effectiveness and efficiency of the flexible hours program.

Failure to evaluate the effectiveness and efficiency of the flexible hours program inhibits the determination of the program's success and results in noncompliance with the Chicago State University Law. (Finding Code No. 2022-009, 2021-008)

RECOMMENDATION

We recommend the University evaluate the effectiveness and efficiency of the program in compliance with the requirements of the Chicago State University Law.

UNIVERSITY RESPONSE

The University agrees with the finding and is implementing a corrective action plan to demonstrate an evaluation on the efficiency and effectiveness of the flexible hours positions.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-010. **FINDING** Weaknesses in Cybersecurity Programs and Practices

The Chicago State University (University) did not maintain adequate internal controls related to its cybersecurity programs and practices.

Given the University’s responsibilities, it maintains a substantial amount of personal and confidential information, including Social Security numbers, addresses, and educational records.

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 University’s cybersecurity program, practices, and control of confidential information, we noted the University had not:

- Approved its draft information security policies and communicated the approved policies to staff and contractors.
- Ensured an appropriate information security structure was established to ensure its resources and data were adequately protected.
- Performed a comprehensive risk assessment to identify and ensure adequate protection of confidential or personal information.
- Classified its data to ensure adequate protection.
- Established standard operating procedures over existing security solutions to provide effective security and resilience of assets.
- Ensured vulnerability scanning tools had been implemented to monitor applications and networks to identify security vulnerabilities.

In addition, 10 of 25 (40%) employees had not completed security awareness training. Furthermore, contractors were not required to complete cybersecurity training.

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 require 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.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-010. **FINDING** Weaknesses in Cybersecurity Programs and Practices (Continued)

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

University management indicated the issues were due to staffing challenges and lack of resources.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the University’s confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2022-010, 2021-009, 2020-013)

RECOMMENDATION

We recommend the University:

- Approve and implement the following draft policies and communicate those to staff and contractors:
 - Acceptable Use Policy;
 - Identity & Access Management Policy;
 - Security Training & Awareness Policy;
 - System Development Life Cycle Policy;
 - Disaster Recovery Policy;
 - Backup Policy;
 - Data Classification & Handling Policy; and
 - Security Incident Response Policy.

Additionally, review the approved policies at least annually.

- Establish an appropriate information security structure to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modification, or destruction.
- Perform a comprehensive risk assessment to identify and ensure adequate protection of information.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-010. **FINDING** Weaknesses in Cybersecurity Programs and Practices (Continued)

- Classify its data to ensure adequate protection.
- Establish standard operating procedures over existing security solutions to provide effective security and resilience of assets.
- Implement vulnerability scanning tools to monitor applications and networks to identify security vulnerabilities.
- Ensure all employees and contractors complete security awareness trainings.

UNIVERSITY RESPONSE

The University agrees with the finding and is implementing a corrective action plan to improve weaknesses in internal controls related to cybersecurity.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-011. **FINDING** Inadequate Disaster Recovery Process

The Chicago State University (University) did not ensure an adequately updated and tested disaster recovery plan existed to ensure timely recovery of critical computer systems.

The University had a disaster recovery plan (Plan) to guide the University in the recovery of its computing and network facilities in the event of a disaster. However, the Plan was last revised in 2016 and did not depict the current environment and did not contain detailed steps to recover its environment, applications, and data.

In June 2022, the University performed a disaster recovery gap analysis and backup assessment. However, the University did not perform a business impact analysis, disaster recovery testing, or update the Plan with the results of the disaster recovery gap analysis or backup assessment.

This finding was first reported in Fiscal Year 2020. In subsequent years, the University has been unsuccessful in establishing adequate controls related to disaster recovery.

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, Contingency Plan section, requires reviewing the contingency plan and updating the plan to address the changes to the organization, system, environment of operation and problems encountered during contingency plan implementation, execution, or testing. The Publication also requires testing of the Plan to determine the effectiveness and readiness to execute the recovery procedures.

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

University management indicated due to resource constraints the University was unable to secure services of a disaster recovery vendor.

Failure to have an adequately updated and tested disaster recovery plan leaves the University exposed to the possibility of major disruptions to services. (Finding Code No. 2022-011, 2021-010, 2020-014)

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-011. **FINDING** Inadequate Disaster Recovery Process (Continued)

RECOMMENDATION

We recommend the University perform a business impact analysis, perform disaster recovery testing at least annually and update the Plan to depict the current environment along with detailed recovery steps. We also recommend the University update the Plan after a disaster recovery gap analysis or backup assessment is completed and at least annually thereafter.

UNIVERSITY RESPONSE

The University agrees with the finding and is developing a corrective action plan for implementation.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-012. **FINDING** Change Control Weaknesses

The Chicago State University (University) had weaknesses in its change management controls.

The University did not ensure change request forms were completed for each change request initiated. During testing, we noted two of six (33%) changes to the environment and applications did not have a Change Requests form completed. However, we noted the changes obtained the required approvals. Also, we noted the draft change policy did not have a requirement for post-implementation review.

This finding was first reported in Fiscal Year 2020. In subsequent years, the University has been unsuccessful in establishing adequate controls related to change management.

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 section, endorses the implementation of change management procedures that require modifications to application systems be consistently documented. Additionally, changes are required to follow the entity’s change management procedures.

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

University management indicated the weaknesses were due to oversight and resource constraints.

Lack of enforcement of change control procedures increases the risk of unauthorized or improper changes to computer systems. (Finding Code No. 2022-012, 2021-002, 2020-002)

RECOMMENDATION

We recommend the University approve the draft policy and enforce the documentation of change requests. Also, we recommend the University update the policy to include the requirement for post-implementation reviews.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-012. **FINDING** Change Control Weaknesses (Continued)

UNIVERSITY RESPONSE

The University agrees with the finding and has begun implementing a corrective action plan to address weaknesses in internal controls related to change control management.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-013. **FINDING** Weaknesses over Maintenance of Employment Eligibility
Verification Forms

The Chicago State University (University) did not ensure the U.S. Citizenship and Immigration Services (USCIS) Employment Eligibility Verification forms (I-9 Form) were properly maintained.

During testing of 40 employees, we noted 34 (85%) employees did not have Form I-9 in their personnel files. As such we could not determine if the University examined the identity and employment authorizations of these employees.

The Code of Federal Regulations (Code) (8 CFR § 274a.2(a)) requires an employer to examine documents that evidence the identity and employment authorization of the individual. The employer must complete an attestation on the Form I-9 under penalty of perjury.

Further, the Code (8 CFR § 274a.2(b)) requires an employer to retain a paper (with original handwritten signatures), electronic, or a combination of paper and electronic formats of Form I-9, three years after the date of the hire or one year after the date the individual’s employment is terminated, whichever is later.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are utilized efficiently, effectively, and in compliance with applicable law. Effective internal controls should include procedures to ensure I-9 Forms are completed and retained.

University management indicated I-9 Forms were not properly maintained due to staff turnover and staffing constraints.

Failure to complete and retain I-9 Forms is a violation of the Code and could result in unlawful employment and expose the University to penalties. (Finding Code No. 2022-013)

RECOMMENDATION

We recommend the University ensure I-9 forms are properly completed and maintained in accordance with the Code.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-013. **FINDING** Weaknesses over Maintenance of Employment Eligibility
Verification Forms (Continued)

UNIVERSITY RESPONSE

The University agrees with the finding and has begun implementing a corrective action plan to improve processes for employment verification.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-014. **FINDING** Employee Performance Evaluations Not Completed or Timely Completed

The Chicago State University (University) did not ensure employee performance evaluations were timely completed.

During our testing of 40 employees, we noted the following:

- Thirteen (33%) employees’ performance evaluations were not completed.
- Eight (20%) employees’ performance evaluations were completed 11 to 54 days late.

University procedures require performance evaluations to be conducted annually within the due dates set forth by the University Human Resource Department or the University Faculty Personnel Action Timetable.

Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure performance evaluations are completed in a timely manner.

University management indicated the exceptions were due to staffing constraints.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Failure to conduct timely employee performance evaluations delays formal feedback on an employee’s performance, delays communication of areas for improvement, and delays communication of the next year’s performance goals and objectives. In addition, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharge, layoff, recall, or reinstatement decisions. (Finding Code No. 2022-014)

RECOMMENDATION

We recommend the University enforce monitoring procedures to ensure employee performance evaluations are timely completed.

UNIVERSITY RESPONSE

The University agrees with the finding and has begun implementation of a corrective action plan.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - PRIOR FINDING NOT REPEATED
For the Year Ended June 30, 2022

A. **FINDING** (Inadequate Controls Over the Preparation of the Schedule of Expenditures of Federal Awards)

During the prior year, the Chicago State University (University) did not have adequate controls to ensure the Schedule of Expenditures of Federal Awards (SEFA) was accurately prepared.

During the current year, the University strengthened their controls over the preparation of SEFA. Our testing of the University's SEFA did not identify any exceptions. (Finding Code No. 2021-005, 2020-006)