



State of Illinois
ILLINOIS COMMUNITY COLLEGE BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2023

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

**STATE OF ILLINOIS
ILLINOIS COMMUNITY COLLEGE BOARD
STATE COMPLIANCE EXAMINATION
For the Two Years Ended June 30, 2023**

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**STATE OF ILLINOIS
ILLINOIS COMMUNITY COLLEGE BOARD
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BOARD OFFICIALS

Executive Director	Mr. Brian Durham
Deputy Executive Director	Ms. Jennifer Foster
Chief of Staff	Mr. Matt Berry
Deputy Director for Finance and Administration	Ms. Jennifer Franklin

BOARD OFFICERS

Chair of the Board	Dr. Lazaro Lopez
Vice Chair of the Board (04/01/22 – Present)	Ms. Teresa Garate
Vice Chair of the Board (07/01/21 – 03/31/22)	Ms. Suzanne Morris

GOVERNING BOARD MEMBERS

Member	Mr. Larry Peterson
Member (06/15/22 – Present)	Ms. Sylvia Jenkins
Member (04/28/22 – 06/14/22)	Vacant
Member (07/01/21 – 04/27/22)	Ms. Lynette Stokes
Member (09/15/23 – Present)	Mr. George Evans
Member (09/12/23 – 09/14/23)	Vacant
Member (07/01/21 – 09/11/23)	Mr. Terry Bruce
Member	Mr. Nicholas Kachiroubas
Member (01/31/23 – Present)	Ms. Mara Botman
Member (01/12/23 – 01/30/23)	Vacant
Member (07/01/21 – 01/11/23)	Ms. Paige Ponder
Member (01/03/23 – Present)	Ms. Maureen Mosley Banks
Member (07/01/21 – 01/02/23)	Vacant
Member (09/08/21 – Present)	Mr. Craig Bradley
Member (07/01/21 – 09/07/21)	Vacant
Member (08/30/21 – Present)	Ms. An-Me Chung
Member (07/13/21 – 08/29/21)	Vacant
Member (07/01/21 – 07/12/21)	Mr. J Douglas Mraz

**STATE OF ILLINOIS
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GOVERNING BOARD MEMBERS (Continued)

Member (02/06/23 – Present)	Mr. Marlon McClinton
Member (04/01/22 – 02/05/23)	Vacant
Member (07/01/21 – 03/31/22)	Ms. Suzanne Morris
Student Member (07/01/23 – Present)	Mr. Wes Eggert
Student Member (07/01/22 – 06/30/23)	Mr. Rene Juarez-Cuevas
Student Member (07/01/21 – 06/30/22)	Mr. Jaleel Harris

BOARD OFFICE

The Illinois Community College Board's primary administrative office is located at:

Illinois Community College Board
401 East Capitol Avenue
Springfield, IL 62701



MANAGEMENT ASSERTION LETTER

June 13, 2024

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

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Illinois Community College Board (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, 2023. Based on this evaluation, we assert that during the years ended June 30, 2022, and June 30, 2023, 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. 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, Illinois Community College Board

SIGNED ORIGINAL ON FILE

Brian Durham
Executive Director

SIGNED ORIGINAL ON FILE

Matt Berry
Chief of Staff

SIGNED ORIGINAL ON FILE

Jennifer Franklin
Deputy Director for Finance and Administration

**STATE OF ILLINOIS
ILLINOIS COMMUNITY COLLEGE BOARD
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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 material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report(s)</u>
Findings	12	1
Repeated Findings	-	-
Prior Recommendations Implemented or Not Repeated	1	7

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2023-001	10	New	Inadequate Controls over Initiating and Monitoring Grants	Material Weakness and Material Noncompliance
2023-002	17	New	Voucher Processing Internal Controls Not Operating Effectively	Material Weakness and Material Noncompliance
2023-003	19	New	Inadequate Controls Over Monthly Reconciliations	Material Weakness and Material Noncompliance
2023-004	21	New	Inadequate Controls over Reporting	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)				
2023-005	23	New	Inadequate Controls over Personal Services	Significant Deficiency and Noncompliance
2023-006	27	New	Noncompliance with Student Parent Data Collection Act	Significant Deficiency and Noncompliance
2023-007	29	New	Inadequate Controls over Contractual and Interagency Agreements	Significant Deficiency and Noncompliance
2023-008	31	New	Failure to Enforce Grant Reporting Requirements	Significant Deficiency and Noncompliance
2023-009	32	New	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2023-010	34	New	Inadequate Controls over External Service Providers	Significant Deficiency and Noncompliance
2023-011	36	New	Inadequate Controls Over Contingency Planning	Significant Deficiency and Noncompliance
2023-012	38	New	Board Member Vacancies	Noncompliance
Prior Finding Not Repeated				
A	39	2021/2021	Failure to Maintain Electronic Records	

EXIT CONFERENCE

The Board waived an exit conference in a correspondence from Jennifer Franklin, Deputy Director for Finance and Administration, on June 4, 2024. The responses to the recommendations were provided by Jennifer Franklin, Deputy Director for Finance and Administration, in a correspondence dated June 12, 2024.



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Governing Board
State of Illinois, Illinois Community College Board

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the State of Illinois, Illinois Community College Board (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, 2023. 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.

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 applicable to the Board during the two years ended June 30, 2023. As described in the accompanying Schedule of Findings as item 2023-001, 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. As described in the accompanying Schedule of Findings as items 2023-002 through 2023-003, 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.

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, 2023, 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 2023-004 through 2023-012.

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 2023-001 through 2023-003 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 2023-004 through 2023-011 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
June 13, 2024

**STATE OF ILLINOIS
ILLINOIS COMMUNITY COLLEGE BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023**

2023-001. **FINDING** (Inadequate Controls over Initiating and Monitoring Grants)

The Illinois Community College Board (Board) did not exercise adequate controls over initiating and monitoring grant agreements.

We selected a sample of 24 of the Board’s grant programs active during Fiscal Years 2022 and 2023 to test. These 24 grant programs resulted in 60 grant agreements between the Board and various entities. During our testing, we noted the following weaknesses:

- For 53 of 60 (88%) grant agreements tested, the agreements were not signed prior to the start of the grant period. The grants were signed between two and 446 days late.
- For two of 24 (8%) grant programs tested, the reports did not contain the certification required by the grant agreement.
- For 20 of 24 (83%) grant programs tested, the grantees either did not provide required documentation to the Board, required reporting did not meet the timeframes and/or specifications outlined in the grant agreement, or documentation was not retained by the Board to demonstrate the required documentation was received and met all related requirements. It is the Board’s responsibility to enforce the submission of all required documentation and maintain adequate record-keeping over its grant programs.

Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p>Adult Education – Basic Grants to States</p> <p>Purpose: Basic skills instruction, English language acquisition instruction, high school equivalency instruction, etc.</p>	<ul style="list-style-type: none"> • Consolidated Year-End Financial Report (CYEFR) submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or 6 months after the end of the awardee’s fiscal year-end • Quarterly reports submitted by the 30th day of the month following the end of the quarter • Close-out reports submitted within 60 days following the end of the grant period

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ILLINOIS COMMUNITY COLLEGE BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
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Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p>Adult Education – Basic Grants to States and Integrated English Language and Civics Education (IELCE)</p> <p>Purpose: Basic skills instruction, English language acquisition instruction, high school equivalency instruction, etc.</p>	<ul style="list-style-type: none"> Quarterly reports submitted by the 30th day of the month following the end of the quarter
<p>Adult Education Leadership (AEL)</p> <p>Purpose: To support the improvement and innovation of professional development and technical assistance for the Adult Education and Literacy Priority areas.</p>	<ul style="list-style-type: none"> CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or 6 months after the end of the awardee’s fiscal year-end Quarterly reports submitted by the 30th day of the month following the end of the quarter Close-out reports submitted within 60 days following the end of the grant period
<p>Career and Technical Education (CTE) Perkins – Basic Grants to States</p> <p>Purpose: To develop more fully the academic knowledge and technical and employability skills of secondary and postsecondary education students who elect to enroll in CTE programs and programs of study.</p>	<ul style="list-style-type: none"> CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or 6 months after the end of the awardee’s fiscal year-end Quarterly reports submitted by the 30th day of the month following the end of the quarter
<p>CTE Illinois Department of Corrections (IDOC)</p> <p>Purpose: Improvement of Academic and Technical Skills of Students participating in CTE Programs, Collaborations and Partnerships, Program Quality and Continuous Improvement, and Faculty and Staff Professional Development.</p>	<ul style="list-style-type: none"> CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or 6 months after the end of the awardee’s fiscal year-end Quarterly reports submitted by the 30th day of the month following the end of the quarter
<p>CTE Perkins – Leadership</p> <p>Purpose: To conduct research on community college CTE programs and provide equity conscious technical assistance to the postsecondary CTE field.</p>	<ul style="list-style-type: none"> Quarterly reports submitted by the 30th day of the month following the end of the quarter

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Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p>Licensed Practical Nursing (LPN) Grant – State CTE</p> <p>Purpose: To utilize grant funds for costs associated with administering Licensed Practical Nursing, Certified Nurse Assistant, and various other Nursing programs in Illinois.</p>	<ul style="list-style-type: none"> • Quarterly reports submitted by the 30th day of the month following the end of the quarter
<p>Alternative Schools Network (ASN)</p> <p>Purpose: The Alternative Schools Network (ASN) will serve as the administrative coordinating organization for the Re-Enrolled Student Project (RSP).</p>	<ul style="list-style-type: none"> • CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or 6 months after the end of the awardee’s fiscal year-end • Quarterly reports submitted by the 15th day of the month following the end of the quarter • Close-out reports submitted by the 60th day of the month following the end of the grant period
<p>H-1B Job Training</p> <p>Purpose: Continue developing an Apprenticeship Program as per the scope of work. An Apprenticeship Coordinator will lead the project, working closely with an Academic Administrator and one or more academic representatives.</p>	<ul style="list-style-type: none"> • CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or 6 months after the end of the awardee’s fiscal year-end
<p>Early School Leaver Transition Program (ESLTP)</p> <p>Purpose: The program is specifically aimed at helping out-of-school youth to become reoriented and motivated to complete their education by allowing students to participate in adult education instruction as well as career and work training activities.</p>	<ul style="list-style-type: none"> • CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or 6 months after the end of the awardee’s fiscal year-end • Quarterly reports submitted by the 30th day of the month following the end of the quarter

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Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p>High School Equivalency (HSE)</p> <p>Purpose: To coordinate the implementation of high school equivalency testing services, with the goal of increasing the overall number and outcomes of high school equivalency test takers by improving the affordability of the exams.</p>	<ul style="list-style-type: none"> • CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or 6 months after the end of the awardee’s fiscal year-end • Annual performance and financial reports submitted by July 31, 2022 • Final performance and financial reports submitted by October 31, 2022
<p>Illinois Tutor Initiative</p> <p>Purpose: The Illinois Tutoring Initiative is one of four state pillars aligned with the Illinois P-20 Council’s Learning Renewal Guide to support P-20 student academic and overall well-being.</p>	<ul style="list-style-type: none"> • CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or 6 months after the end of the awardee’s fiscal year-end • Quarterly reports submitted by the 30th day of the month following the end of the quarter
<p>Innovative Bridge and Transition</p> <p>Purpose: Create or support programs that improve student transitions to and through postsecondary education (up to post baccalaureate) and into employment, programs that support these transitions for individuals with disabilities and scale programs that promote equity and diversity among those served.</p>	<ul style="list-style-type: none"> • CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or 6 months after the end of the awardee’s fiscal year-end • Quarterly reports submitted by the 30th day of the month following the end of the quarter
<p>Learning Renewal and Governor’s Emergency Education Relief Funds (GEER) II</p> <p>Purpose: To address the pandemic's negative impacts, federal dollars have been allocated to education, the majority of which will flow directly to districts and higher ed institutions.</p>	<ul style="list-style-type: none"> • Quarterly reports submitted by the 30th day of the month following the end of the quarter • Close-out reports submitted within 60 days following the end of the grant period
<p>Developmental Education Reform Act (DERA)</p> <p>Purpose: To support ongoing implementation of the Developmental Education Reform Act (DERA) passed in the state in 2021.</p>	<ul style="list-style-type: none"> • Quarterly reports submitted by the 30th day of the month following the end of the quarter

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Grant Name & Purpose of Grant	Required Documentation Noted as Deficient
<p>Transitional Instruction</p> <p>Purpose: To support instruction, pathway development, and portability submission.</p>	<ul style="list-style-type: none"> • CYEFR submitted within the earlier of 30 calendar days after receipt of the auditor’s reports or 6 months after the end of the awardee’s fiscal year-end • Quarterly reports submitted by the 15th day of the month following the end of the quarter • Close-out reports submitted within 60 days following the end of the grant period
<p>Workforce Equity Initiative (WEI)</p> <p>Purpose: The overall goal is to accelerate the time for the targeted population to enter and succeed in postsecondary education/training programs that lead to employment in high skilled, high wage, and in-demand occupations.</p>	<ul style="list-style-type: none"> • Quarterly reports submitted by the 30th day of the month following the end of the quarter • Close-out reports submitted by March 31, 2023
<p>College Bridge Program</p> <p>Purpose: To provide minority, first generation, and low-income students with the skills and resources to succeed as they transition into the community college from their high school, or for adults beginning or returning to college, as they transition into college.</p>	<ul style="list-style-type: none"> • Quarterly reports submitted by the 30th day of the month following the end of the quarter
<p>Early Childhood (EC) Education</p> <p>Purpose: To support the grantee in providing streamlined paths to degrees, licenses, and credentials to members of the early childhood incumbent workforce in the field of EC education.</p>	<ul style="list-style-type: none"> • Quarterly reports submitted by the 30th day of the month following the end of the quarter
<p>Southwestern Illinois College</p> <p>Purpose: To make the location a law enforcement training and workforce development campus.</p>	<ul style="list-style-type: none"> • Quarterly reports submitted by the 30th day of the month following the end of the quarter

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The Grant Accountability and Transparency Act (30 ILCS 708/45(g)) requires the Board to enhance its processes to monitor and address noncompliance with reporting requirements and with program performance standards. Where applicable, the process may include a corrective action plan. The monitoring process shall include a plan for tracking and documenting performance-based contracting decisions.

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 used efficiently, effectively, and in compliance with applicable law. In addition, good business practices require the Board and its grantees to sign grant agreements prior to the beginning of the grant period covered by the agreement.

Further, the State Records Act (Act) (5 ILCS 160/9) requires the Board to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Board designed to protect the legal and financial rights of the State and of persons directly affected by the Board's activities. The Act also requires the Board to establish and maintain an active, continuing program for the economical and efficient management of the records of the Board. Such program shall provide for effective controls over the creation, maintenance, and use of records.

Board officials indicated the Board was unable to obtain all signatures prior to the start of the grant period due to the time required to receive and process grant applications and related budgets and to obtain approvals from all parties, including some college district boards. Board officials stated the untimely and missing documentation were due to staff turnover and oversight.

Failure to adequately monitor the terms and conditions of grant agreements, including receipt of all required documentation, could result in improper use and payment of grant funds. Failure to obtain and maintain supporting documentation for grantee reporting hinders the Board's ability to protect the legal and financial rights of the State and grantees. (Finding Code No. 2023-001)

RECOMMENDATION

We recommend the Board implement and enforce internal controls to ensure all reporting requirements are adhered to. We further recommend the Board ensure grant application and budget deadlines and agreement start dates allow sufficient time for approval of grant agreements by all parties prior to the effective date.

**STATE OF ILLINOIS
ILLINOIS COMMUNITY COLLEGE BOARD
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BOARD RESPONSE

The Board concurs with the finding. The Board is transitioning report and budget monitoring to program compliance staff and will provide additional training. The Board will also ensure future grant agreements are drafted with language authorizing pre-award costs if applicable.

STATE OF ILLINOIS
ILLINOIS COMMUNITY COLLEGE BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023

2023-002. **FINDING** (Voucher Processing Internal Controls Not Operating Effectively)

The Illinois Community College Board’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 System (ERP) operated by the Department of Innovation and Technology (DoIT), 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. 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 (proper bill date).

Our testing noted 10 of 140 (7%) attributes were not properly entered into the ERP System, specifically the proper bill date. Therefore, the Board’s internal controls over voucher processing **were not operating effectively**.

The Statewide Accounting Management System (SAMS) (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 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.

Even given the limitations noted above, we conducted an analysis of the Board’s expenditures data for Fiscal Years 2022 and 2023 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70).

**STATE OF ILLINOIS
ILLINOIS COMMUNITY COLLEGE BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
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We noted the Board did not timely approve 1,834 of 10,781 (17%) vouchers processed during the examination period, totaling \$92,408,471. We noted these late vouchers were approved by the Board between 31 and 424 days late.

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.

Board officials indicated the key attribute of proper bill date was not correctly entered into ERP due to lack of understanding of this ERP field. Board officials indicated the untimely approval of vouchers was caused by the incorrect proper bill date entered into ERP, delays in drawdown and recording of federal grant funds, and employee turnover.

Failure to properly enter the key attributes into the State's ERP when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP, which can result in improper interest calculations and expenditures. Further, failure to timely process proper bills and approve vouchers may result in additional costs for interest due to vendors. (Finding Code No. 2023-002)

RECOMMENDATION

We recommend the Board provide staff training and design and maintain internal controls:

- To provide assurance its data entry of key attributes into ERP is complete and accurate; and
- To ensure proper bills are approved within 30 days of receipt.

BOARD RESPONSE

The Board concurs with the finding. Accounting procedures have been modified and additional staff training provided to ensure entry of correct key attributes in the ERP system and increased frequency of federal drawdowns to improve voucher processing times.

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2023-003. **FINDING** (Inadequate Controls Over Monthly Reconciliations)

The Illinois Community College Board (Board) did not maintain adequate controls over monthly reconciliations.

The Board expended \$423.8 million and \$490.7 million from 10 funds in Fiscal Years 2022 and 2023, respectively. The Board collected total revenues of \$40.6 million and \$42.0 million which were deposited into seven funds in Fiscal Years 2022 and 2023, respectively.

During testing of the Board’s monthly reconciliations, we noted the following:

- 28 of 28 (100%) monthly reconciliations of the Board’s internal records to the Office of Comptroller’s *Monthly Obligation Activity Report* (SC-15) or the *Monthly Agency Contract Report* (SC-14) were not initialed and dated. As a result, we were unable to determine whether the reconciliation was timely performed.
- 10 of 24 (42%) monthly reconciliations of the Board’s internal records to the Comptroller’s *Monthly Revenue Status Report* (SB04) were not initialed and dated. As a result, we were unable to determine whether the reconciliation was timely performed.
- 2 of 24 (8%) monthly reconciliations of the Board’s internal records to the Comptroller’s SB04 were not performed in Fiscal Year 2023.
- 5 of 24 (21%) monthly reconciliations of the Board’s internal records to the Comptroller’s SB04 were not performed timely, ranging from 25 to 148 days late.
- 28 of 28 (100%) monthly reconciliations of the Board’s internal records to the Comptroller’s *Monthly Appropriations Status Report* (SB01) were not initialed and dated. As a result, we were unable to determine whether the reconciliation was timely performed.
- 24 of 24 (100%) monthly reconciliations of the Board’s internal records to the Comptroller’s *Monthly Cash Report* (SB05) were not initialed and dated. As a result, we were unable to determine whether the reconciliation was timely performed.

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The Statewide Accounting Management System (SAMS) Manual (Procedure 07.30.20) requires the Board to perform monthly reconciliations of the Office of Comptroller’s SB01, SB04, SB05, and SC14 or SC15 reports to its internal records within 60 days of month end to ensure the early detection and correction of errors. Further, the State Records Act (5 ILCS 160/9) requires the Board to establish and maintain an active, continuing program for the economical and efficient management of the records of the Board. Such program shall provide for effective controls over the creation, maintenance, and use of records.

Board officials stated the issues noted were due to failure to maintain documentation of the date when each reconciliation was performed, competing priorities, and staff shortages.

Failure to timely complete and properly document reconciliations of the Board’s records to the Office of Comptroller’s reports hinders the ability of staff to identify and correct errors which could result in incomplete and inaccurate financial information. (Finding Code No. 2023-003)

RECOMMENDATION

We recommend the Board allocate resources and implement controls to ensure all required monthly reconciliations are performed, documented, and reviewed timely.

BOARD RESPONSE

The Board concurs with the finding. Reconciliations have been assigned to a new staff member and training has been provided. Additionally, the Board worked with the ERP team to implement all reconciliations in the ERP’s Analytic and Reporting platform to ensure the reconciliations are reviewed and are documented timely.

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2023-004. **FINDING** (Inadequate Controls over Reporting)

The Illinois Community College Board (Board) did not comply with statutory reporting responsibilities.

During testing, we noted the following:

- The Board could not provide supporting documentation for the Fiscal Year 2021 Agency Workforce Report filed during Fiscal Year 2022. As such, we were unable to determine whether the Board reported accurate information.

The State Employment Records Act (5 ILCS 410 et seq.) requires the Board to develop a comprehensive procedure to collect, classify, maintain, and publish, for State and public use, information providing the General Assembly and the People of the State with adequate information of the number of minorities, women, and physically disabled persons employed by State government within the State work force.

The State Records Act (5 ILCS 160/9) requires the Board to establish and maintain an active, continuing program for the economical and efficient management of the records of the Board. Such program shall provide for effective controls over the creation, maintenance, and use of records.

- Three of 4 (75%) Travel Headquarters Reports (Form TA-2) were not filed with the Legislative Audit Commission (LAC) timely, ranging from 190 to 555 days late.

The State Finance Act (30 ILCS 105/12-3) requires the Form TA-2 reports to be filed with the LAC no later than July 15 for the period from January 1 through June 30 of that year and no later than January 15 for the period from July 1 through December 31 of the preceding year.

- The Agency Fee Imposition Reports for both Fiscal Years 2022 and 2023 did not contain the correct revenue source code for fees amounting to \$52,060 and \$53,000 in Fiscal Year 2022 and 2023, respectively.

The Statewide Accounting Management System (SAMS) Manual (Procedure 33.16.10) states the Fee Imposition Reporting system is used for reporting of accurate fee information, based on annual fee data collected and deposited during the year, including the SAMS receipt account for each receipt account receiving fee revenues. The SAMS Manual also details the revenue source codes to record receipts.

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Board officials stated the Board could not locate the supporting documentation for the Agency Workforce Report and stated the untimely TA-2 Forms and Agency Fee Imposition Report errors were due to employee oversight.

Failure to maintain documentation to support accuracy of data hinders the Board's ability to support its report filing. Failure to ensure the accuracy and submit statutorily required reports in a timely manner reduces accountability and prevents the appropriate oversight authorities from receiving accurate and useful information which could impact future decisions. (Finding Code No. 2023-004)

RECOMMENDATION

We recommend the Board strengthen its controls to ensure required reports are properly supported, accurate and timely completed.

BOARD RESPONSE

The Board concurs with the finding. The State of Illinois has introduced the HCM module of the ERP system for Human Resource Management. This system will assist in the completion of the Agency Workforce Report. Additionally, the Board has established a file on our server for retention of evidence required for filing during the fiscal year.

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2023-005. **FINDING** (Inadequate Controls over Personal Services)

The Illinois Community College Board (Board) did not maintain adequate controls over its personal services function.

During our testing, we noted the following:

- Seven performance evaluations were not completed timely for five of seven (71%) employees tested, ranging from one to 17 days late.

Section 3.1.1 (Probationary Period Evaluation) of the Board’s employee guidebook requires all new employees to be evaluated by their immediate supervisors prior to the conclusion of their first three months and six months of employment in addition to the annual performance appraisal. Completed and signed written evaluations are due to Human Resources no later than 30 days after the employees’ three-, six-, and twelve-month anniversary dates.

Section 3.1.2 (Annual/Periodic Performance Review) of the Board’s employee guidebook requires supervisors to be responsible for performance reviews of each employee, for which completed and signed written evaluations are due to Human Resources on or before August 1.

- For one of seven (14%) employees tested, the employee did not sign Section 1 of the Employment Eligibility Verification Form (Form I-9).

The Code of Federal Regulation (CFR) (8 CFR § 274a.2), Verification of Identity and Employment Authorization, designates the Employment Eligibility Verification Form I-9 (Form I-9) as the means of documenting this verification. In addition, the CFR requires a person or entity that hires an individual for employment must ensure that the individual properly completes section 1 - “Employee Information and Verification” - on the Form I-9 at the time of hire and signs the attestation.

- One of 12 (8%) filers tested was not included in the list of required filers of a Statement of Economic Interest in Fiscal Year 2023 and as a result, did not file the corresponding statement.

The State Officials and Employees Ethics Act (Act) (5 ILCS 420/4A-101) requires the following persons to file verified written statements of economic interests with the Secretary of State (SOS): persons who are employed by any branch, agency, authority or board of the government of this State, and are compensated for services as employees and not as independent contractors and who are, or function as, the head of a department, commission, board, division, bureau, authority or other

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administrative unit within the government of this State, or who exercise similar authority within the government of this State. Further, the Act (5 ILCS 420/4A-106) requires on or before February 1 annually, the chief administrative officer of any State agency in the executive, legislative, or judicial branch employing persons required to file under item (f) or item (l) of Section 4A-101 to certify to the SOS the names and mailing addresses of those persons. In preparing the lists, each chief administrative officer, or his or her designee, shall set out the names in alphabetical order.

- During our review of the annual census data reconciliation, we noted the following:
 - The Fiscal Year 2022 census data reconciliation was submitted by the Board 140 days late.
 - The pensionable earnings census data for Fiscal Year 2021 was not verified and reconciled by the Board.
 - The Board incorrectly completed the certification for the reconciliation and eligibility review of Fiscal Year 2021 census data.

The State Universities Retirement System (SURS) Census Data Reconciliation Guidance, in accordance with the AICPA's *Audit and Accounting Guide: State and Local Governments*, requested employee census data, including pensionable earnings and the member's contribution rate, be reconciled annually by each employer to a report provided by SURS and used by SURS' and CMS' actuaries. This reconciliation process helps mitigate the risk of using incomplete or inaccurate data and ensures the accuracy of reported pension and other post-employment benefit (OPEB) balances. Further, this reconciliation process ensures the completeness of employer and plan data, reduces payroll errors, confirms personnel files are up-to-date, and most importantly decreases the risks of financial misstatements. Based on the FY2022 SURS Guidance, the Board was requested to reconcile their Fiscal Year 2022 census data, certify to SURS that the reconciliation and member eligibility review was completed, and report any potential data errors found by May 31, 2023.

The State Records Act (5 ILCS 160/8) requires the Board to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Board designed to protect the legal and financial rights of the State and of persons directly affected by the Board's activities.

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Board officials stated the untimely evaluations, unsigned I-9 Form, incorrect certification and untimely reconciliation of census data were due to competing priorities, lack of a Human Resources Director, typographical errors, and employee oversight. Officials stated the economic interest statement exception was due to inadvertent removal of the employee from the list of required filers. Management further stated they were unable to verify and reconcile Fiscal Year 2021 pensionable earnings census data due to a catastrophic hardware failure, resulting in the total loss of its IT environment, applications, and data, including payroll files.

Employee performance evaluations are a systematic and uniform approach for the development of employees and communication of performance expectations to employees. Employee performance evaluations serve as a foundation and documentation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions. Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance, areas for improvement and current year's performance goals and objectives may not be identified and communicated in a timely manner.

Failure to complete the Form I-9 properly may result in potential employment issues and could subject the State to unnecessary legal costs and penalties. Failure to identify all employees required to file statements of economic interest may result in potential related-party transactions not being identified in time by the Board. Further, untimely submission of census data certifications and failure to reconcile census data hinders the process to ensure census data is accurate to reduce payroll errors and risks of financial misstatements. (Finding Code No. 2023-005)

RECOMMENDATION

We recommend the Board strengthen its procedures and internal controls to ensure:

- Monitoring and enforcing timely completion of performance evaluations;
- Complete and accurate documentation is maintained for employee personnel files;
- A complete and accurate list of economic interest statements filers is submitted and maintained; and
- Timely and complete reconciliation of census data with Board records.

We further recommend the Board establish adequate policies and procedures around its Contingency Planning process as reported in Finding 2023-011.

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BOARD RESPONSE

The Board concurs with the finding. A Human Resources Director was hired to serve the HR management needs of the Board and procedures have been implemented to ensure timely completion of the performance reviews, maintenance of personnel records, and timely reconciliation of census data to Board records.

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2023-006. **FINDING** (Noncompliance with Student Parent Data Collection Act)

The Illinois Community College Board (Board) did not comply with the collection timeline requirements of the Student Parent Data Collection Act (Act).

The Act (110 ILCS 149/20(a)) requires on or before July 1, 2022 and annually thereafter, each public community college to report Student Parent Data and Campus Child Care information to the Board. The Board is required to make the data collected publicly available on their website. The Act became effective July 9, 2021.

On June 22, 2022, the Board requested colleges to report required student parent and campus child care data for fall and spring of the 2021-2022 academic year by July 30, a month later than the mandated due date. The Board did not seek any legislative change to the reporting due date during the examination period.

Board officials stated they extended the due date because they believed the July 1 deadline was not enough time for colleges to ensure that reporting is valid and comprehensive.

Failure to communicate the correct statutory deadlines for required data from community colleges prevents the Board from ensuring student parent data and campus child care information is made publicly available on its website as soon as possible. Deviations from the mandated requirements reduces timeliness of information for decision makers, hinder compliance with the Act, and undermine the legislature's intent. (Finding Code No. 2023-006)

RECOMMENDATION

We recommend the Board request survey data in a timely manner and communicate statutorily mandated deadlines to community colleges. Further, we recommend the Board seek legislative changes for reporting requirements which they deem to be unreasonable.

BOARD RESPONSE

The Board concurs with the finding. The Board is pursuing a legislative change to the Act regarding the due date. The Student Parent variable was expanded within ICCB's annual student-level data collection to meet the Student Parent Data Collection Act for students enrolled in Academic Year 2021-22 and thereafter. Specifically, the Student Parent variable is collected within ICCB's Annual Student Enrollment and Completion (A1) submission that is collected on every credit-taking student enrolled at each community college. Thus, the Student Parent variable has been collected since the Act was enacted but was collected after the

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July 1 due date. By adjusting the due date from July 1 to September 1, it is aligned with ICCB's annual student-level collection which ensures validity and comprehensiveness in Student Parent reporting, as well as Child Care Center information from the Illinois community colleges.

Legislation is currently pending the Governor's signature to change the date of the data collection from July 1 to September 1 effective January 1, 2025.

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2023-007. **FINDING** (Inadequate Controls over Contractual and Interagency Agreements)

The Illinois Community College Board (Board) did not maintain adequate controls over its contractual and interagency agreements.

During our testing, we noted the following:

- Two lease contractual agreements, totaling \$1,211,742 for both Fiscal Years 2022 and 2023, lacked the required standard certifications. These real property lease agreements did not include clauses for prohibited bidders and contractors certification, Illinois Use Tax certification, and State Board of Elections certification.
- Four of 5 (80%) interagency agreements tested, totaling \$376,860, were not signed by all necessary parties before the effective date. The interagency agreements were signed between 12 and 116 days late.
- The Department of Innovation and Technology (DoIT) provided information technology related services to the Board during the examination period. However, the agreement between the DoIT and the Board was only effective through June 30, 2022 and no contract extension was made for Fiscal Year 2023 services.

The Statewide Accounting Management System (SAMS) Manual (Procedure 15.20.40) requires leases for real property to include clauses for prohibited bidders and contractors certification, Illinois Use Tax certification, and State Board of Elections certification.

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 used efficiently, effectively, and in compliance with applicable law. In addition, prudent business practices require the approval of agreements by all parties prior to the effective date and before services are performed.

The Intergovernmental Cooperation Act (5 ILCS 220/5) states public agencies may contract with one another to perform any governmental service, activity or undertaking or to combine, transfer, or exercise any powers, functions, privileges, or authority which any of the public agencies entering into the contract is authorized by law to perform, provided that such contract shall be approved by the governing bodies of each party to the contract and except where specifically and expressly prohibited by law. Such contract shall set forth fully the purposes, powers, rights, objectives, and responsibilities of the contracting parties.

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Board officials stated the interagency agreements were signed late due to the time required to get all parties' signatures and stated the Board cannot delay projects until agreements are signed. Further, Board officials stated the missing certifications on real property lease agreements and the expired agreement with DoIT were due to oversight.

Lack of required disclosures within contracts and failure to timely execute interagency agreements increase legal and financial risks to the Board. In order to ensure an agreement is reasonable, appropriate, and sufficiently documents the responsibilities of all parties and in order to protect the interests of all parties, the agreement or contract needs to be approved prior to the effective date, and executed prior to the commencement of services. (Finding Code No. 2023-007)

RECOMMENDATION

We recommend the Board implement internal controls to ensure contractual agreements contain the standard disclosures as required by SAMS. We also recommend the Board initiate interagency agreements in sufficient time to obtain signatures from all parties. Further, we recommend the Board ensure interagency agreements are in place for the entire service period and approved prior to the effective date of the agreement and prior to services being rendered.

BOARD RESPONSE

The Board concurs with the finding. Procedures have been developed to ensure service contracts with DoIT will be renewed annually and that all contracts contain standard certifications.

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2023-008. **FINDING** (Failure to Enforce Grant Reporting Requirements)

The Illinois Community College Board (Board) failed to enforce compliance with its rules and regulations over the timely submission of required informational reports and schedules.

Informational reports and schedules are required to be prepared by the community colleges and college districts and submitted to the Board to provide data necessary to determine funding and to provide assurance funds are being properly utilized. For example, some information gathered from these informational reports and schedules include spring and fall semester enrollment, employment plan surveys, faculty and staff salary data, annual financial statements, and notice of publication. These reports are due at various times throughout the year.

During our testing, we noted 62 of 630 (10%) informational reports tested due in Fiscal Year 2022 (29 reports) and Fiscal Year 2023 (33 reports) were submitted to the Board between one and 295 days late.

The Illinois Administrative Code (23 Ill. Admin. Code 1501.201) requires complete and accurate reports to be submitted by community colleges and college districts to the Board in accordance with the Board's requirements and on forms prescribed by the Board.

Board officials stated that despite their continued reminders of due dates for reporting, the late report submissions occurred during periods of staff turnover within the community college districts and required additional outreach to request the information.

The Board uses the required informational reports to evaluate the effectiveness of grant programs and prepare for future budgets. Failure to receive the informational reports promptly could delay the Board's completion of its own internal summary reports and budget preparation. (Finding Code No. 2023-008)

RECOMMENDATION

We recommend the Board continue to work with each community college and community college district to ensure required reports are submitted timely.

BOARD RESPONSE

The Board concurs with the finding. Reminders are emailed by compliance staff to the colleges and discussed on monthly CFO Zoom meetings. Due dates are also posted on the SharePoint financial compliance site and are periodically mentioned in the ICCB system newsletter.

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2023-009. **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

The Illinois Community College Board (Board) had not implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the Board’s mission to administer the State of Illinois’ Public Community College Act, the Board maintains computer systems that contain volumes of confidential or personal information such as names, addresses, and Social Security numbers of the citizens of the State.

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 performed a comprehensive risk assessment to identify and ensure adequate protection of information (i.e., confidential, or personal information) most susceptible to attack.
- Had not classified its data to identify and ensure adequate protection of information.
- Had not developed a formal, comprehensive, adequate, and communicated security program (policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental, and operational requirements

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

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.

Board officials stated in late Fiscal Year 2023, the Board transitioned from its old systems environment to a new systems environment. Due to time constraints during the period of evaluation, the Board was still in the process of completing the full evaluation of methods, procedures, and controls in place within the Information

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Technology (IT) transformation. The development of policies and procedures to enhance specific areas of cybersecurity with available tools within the new systems environment was not feasible by the end of Fiscal Year 2023.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the Board's volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2023-009)

RECOMMENDATION

The Board has the ultimate responsibility for ensuring confidential information is protected from accidental or unauthorized disclosure. Specifically, we recommend the Board:

- Perform a comprehensive risk assessment to identify and classify data to ensure adequate protection of confidential or personal information most susceptible to attack.
- Evaluate identified risks and implement appropriate controls to reduce the risk.
- Classify its data to identify and ensure adequate protection of information.
- Establish and communicate the Board's security program (formal and comprehensive policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental, and operational requirements.

BOARD RESPONSE

The Board concurs with the finding. In March of 2024, the Board procured a comprehensive cybersecurity application to strengthen the agency's ability to address potential threat risks. The Board will also perform a risk assessment to ensure proper identification and classification of data to ensure protection from a potential attack. Additionally, in accordance with the ICCB Management Information System (MIS) Manual that identifies sensitive data, the Board currently encrypts all inbound sensitive data stored within ICCB databases. Furthermore, the Board will implement appropriate controls to reduce risk and implement a review policy to ensure controls are updated as needed.

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2023-010. **FINDING** (Inadequate Controls over External Service Providers)

The Illinois Community College Board (Board) did not have adequate controls around its external service providers.

The Board utilizes third party service providers in order to meet their mission. These service providers provide software, support, and maintenance services to the Board. During our review, we noted the Board had not:

- Obtained System and Organization Control (SOC) reports or conducted independent internal control reviews of some of its service providers.
- Conducted a complete analysis of SOC reports to determine the impact of the modified opinion(s) or the noted deviations.
- Obtained and reviewed SOC reports for subservice organizations or performed alternative procedures to determine the impact on its internal control environment.

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

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 Services Acquisition sections, states the organization should ensure operational success by consistently monitoring service providers and organizational security performance against identified requirements, periodically evaluating changes in risks and threats to the organization and ensuring the organizational security solution is adjusted as necessary to maintain an acceptable security posture. As such, reviews of assessments, audits and inspections should be completed to determine the controls are in place at all service providers and subservice providers.

Board officials stated they consider their current documentation of their review sufficient and did not realize the need to assess all deficiencies as well as whether complementary controls are in place. The service/support vendors used by the Board did not store, process, or transmit the Board's data. For the other two vendors since they are not new vendors, formal assessment of controls was not initially deemed necessary.

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Without having adequate monitoring controls around service providers' services, including proper and timely periodic reviews of SOC reports or another form of independent internal control review, the Board does not have assurance the service provider's internal controls are adequate to support the Board's processes and ensure its data are secured. (Finding Code No. 2023-010)

RECOMMENDATION

We recommend the Board establish policies and procedures to assess, review, and monitor external service providers. Additionally, we recommend the Board to perform the following procedures for all service providers which the Board has determined that a review of controls is required:

- Obtain SOC reports or (perform independent reviews) of internal controls associated with outsourced systems at least annually.
- Monitor and document the operation of the Complimentary User Entity Controls relevant to the Board's operations noted in the SOC reports.
- 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 and other reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the Board, and any compensating controls.

BOARD RESPONSE

The Board concurs with the finding. The Board will strengthen processes and continue to follow National Institute of Standards and Technology guidelines to ensure adequate controls are implemented as appropriate with external service providers, including obtaining timely SOC Reports with third party and subservice organizations and documentation of Board review.

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2023-011. **FINDING** (Inadequate Controls Over Contingency Planning)

The Illinois Community College Board (Board) had not established adequate policies and procedures around its Contingency Planning process.

As outlined in Finding 2021-001, on July 1, 2022, the Board’s Information Technology (IT) environment encountered a catastrophic hardware failure, resulting in the total loss of their IT environment, applications, and data. Further, the Board had determined the backups of their IT environment, applications, and data had not been completed successfully.

Although the Board experienced a catastrophic event, the Board had not taken sufficient action to promote IT recovery efforts for such an event in the future.

From the review of the Board’s contingency planning process, we noted that the Board had not:

- Created a formal, documented, and updated Contingency Planning and Disaster Recovery Plan documents;
- Performed a testing of its disaster recovery plan during the audit period; and
- Performed a formal Business Impact Analysis (BIA).

The State Records Act (5 ILCS 160/9) requires the Board to establish and maintain effective controls over the creation, maintenance, and use of records in the conduct of current business and to ensure that Board electronic records are retained in a trustworthy manner so that the records, and the information contained in the records, are accessible and usable for reference for the duration of the retention period.

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

In addition, 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), Contingency Planning section, requires entities to conduct backups of their environment, applications, and data. Furthermore, entities are to test the backups to ensure they were successful.

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Board officials stated due to the hardware failure and the recovery efforts during the timeframe under review, resources were not available to perform a formal, updated Business Impact Analysis (BIA) internally or through outsourcing. The Board did restore systems during further hardware issues from planning documents and backups with documented incident reports during the evaluation period, but it was not a formal BIA. Further, the Board transitioned to a new systems environment in June 2023, hence it was deemed more prudent to plan the BIA after the transition.

Failure to have a formal information systems contingency planning policy and procedures may result in data loss, reduced productivity, and/or out-of-budget expenses. Further, without an adequately documented and tested contingency plan, the Board cannot ensure its critical systems could be recovered within an acceptable period, and therefore minimizing the impact associated with a disaster. (Finding Code No. 2023-011)

RECOMMENDATION

We recommend the Board develop contingency and disaster recovery plan documents to ensure the timely recovery of their application and data. The policies and plans should identify disaster definitions, critical assets, and procedures to take in the event of a disaster and point of contact for each critical asset or business process.

Additionally, once developed, we recommend the Board to periodically test the disaster recovery plan.

BOARD RESPONSE

The Board concurs with the finding. Since July 1, 2021, ICCB has been concentrating on recovering from the catastrophic failure. In March of 2023, ICCB began the process of upgrading and modernizing its technical infrastructure by migrating from servers that were operating with unsupported hardware and software. This migration was completed in June of 2023 and included a robust backup solution and a stable Data Storage Array. The Board is in the process of upgrading current backup software to include cloud storage as another layer of redundancy. Additionally, the Board is currently updating the Disaster Recovery Plan to include new hardware and software and related procedures for a full disaster recovery. This plan will be further strengthened by a new Business Impact Analysis, which will include disaster definitions, critical assets, and procedures.

STATE OF ILLINOIS
ILLINOIS COMMUNITY COLLEGE BOARD
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Two Years Ended June 30, 2023

2023-012. **FINDING** (Board Member Vacancies)

The Illinois Community College Board (Board) was not fully seated and had two members serving on expired terms during the examination period.

During testing, we noted the following:

- The Board was not fully seated during Fiscal Year 2022. Of the statutorily required 12 seats, we noted only 10 were filled as of June 30, 2022. The two seats were vacant for 311 and 1,435 days before they were filled in Fiscal Year 2023.
- Two of 12 (17%) Board members appointed by the Governor were serving under expired terms during Fiscal Years 2022 and 2023. The current terms for these individuals expired June 30, 2021.

The Public Community College Act (Act) (110 ILCS 805/2-1) states the Board shall consist of 12 members, including a nonvoting student member selected by the recognized advisory committee of students of the Board, and a senior citizen age 60 or over, to be appointed by the Governor and with the advice and consent of the Senate. Further, the Act states after the expiration of the terms of the office of the members first appointed to the Board, their respective successors shall hold office for a term of 6 years and until their successors are qualified and seated.

Board officials stated they worked with the Governor's office to alert staff of expiring terms and identify potential members to fill vacancies, but the Board does not have authority to appoint members.

Although Board members are expected to continue to serve past their terms until new appointments are made, failure to timely appoint Board members may affect the full and transparent exercise of the Board's appointed powers and responsibilities. (Finding Code No. 2023-012)

RECOMMENDATION

We recommend the Board continue to coordinate with the Office of the Governor to ensure all Board member vacancies are filled in a timely manner.

BOARD RESPONSE

While ICCB continues to believe that this finding is improperly directed to ICCB because responsibility for Board appointments lies with the Governor per statute, we accept the finding. ICCB will continue to work with the Governor's Office to alert staff of expiring terms and identify potential members to fill vacancies.

STATE OF ILLINOIS
ILLINOIS COMMUNITY COLLEGE BOARD
SCHEDULE OF FINDINGS – PRIOR FINDING NOT REPEATED
For the Two Years Ended June 30, 2023

A. **FINDING** (Failure to Maintain Electronic Records)

During the prior examination, the Illinois Community College Board (Board) failed to maintain electronic records of its activity during Fiscal Year 2021.

During the current examination period, the Board was able to transition into a new IT server and utilized a new backup architecture in Fiscal Year 2023 and performed procedures to ensure backup data was complete and accurate. However, we noted other weaknesses related to the lack of documentation and the contingency planning process, which are reported in Findings 2023-005 and 2023-011, respectively. (Finding Code No. 2021-001)