



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

SOUTHERN ILLINOIS UNIVERSITY

State Compliance Examination
 For the Year Ended June 30, 2021

Release Date: July 13, 2022

FINDINGS THIS AUDIT: 16	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2020	1	5, 11, 12, 13, 14	
Category 2:	3	12	15	2019		4	
Category 3:	0	0	0	2018		2, 10	
TOTAL	3	13	16	2017		3	
				2015		6	
				2012		8	
				2005		7	
FINDINGS LAST AUDIT: 18							

INTRODUCTION

This digest covers Southern Illinois University’s Compliance Examination for the year ended June 30, 2021. A separate digest covering the University financial audit was previously released on June 8, 2021. In addition, a separate digest covering the University’s Single Audit was separately released. In total, this report contains 16 findings, five of which were reported in the Financial Audit and Single Audit.

SYNOPSIS

- (21-10) The University lacked adequate controls over its service providers
- (21-11) The University did not maintain a minimum of one approved course per major under the Illinois Articulation Initiative for some majors offered by the University.
- (21-14) The University did not maintain adequate security controls over its environment and devices.

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

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

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

**SOUTHERN ILLINOIS UNIVERSITY
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2021**

COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES	FY 2021	FY2020
INCOME FUND REVENUES		
Student Tuition and Fees.....	\$ 183,258,053	\$ 190,079,641
Sales and Services.....	371,601	1,078,615
Investment Income.....	(4,218)	4,119,024
Excess funds transfer.....	526,277	193,483
Other.....	1,521	1,677
Total Revenues.....	184,153,234	195,472,440
INCOME FUND EXPENDITURES		
Personal Services.....	108,790,024	110,074,946
Group Insurance.....	(2,137,909)	905,755
Travel.....	103,157	1,056,321
Equipment.....	5,582,911	5,684,660
Commodities.....	3,965,106	3,621,210
Contractual services.....	37,230,311	35,254,619
Operation of Automotive Equipment.....	268,127	242,943
Telecommunications.....	1,633,992	1,744,280
Awards and grants.....	36,251,884	34,747,632
Social Security.....	2,470,146	2,500,083
Permanent improvements.....	110,486	23,299
Scholarships, fellowships and waivers.....	(5,959,888)	(9,298,587)
Bad debt expense.....	306,752	5,204,109
Unemployment compensation.....	94,732	531,836
Transfers.....	(3,798,157)	1,476,531
Total Expenditures.....	184,911,674	193,769,637
EXCESS OF REVENUES OVER EXPENDITURES.....	\$ (758,440)	\$ 1,702,803
SUPPLEMENTAL INFORMATION (Unaudited)		
	FY 2021	FY 2020
Employment Statistics		
Carbondale.....	5,077	5,030
Edwardsville.....	2,454	2,498
Total Full-time Equivalent Employees.....	7,531	7,528
Enrollment Statistics		
Carbondale.....	9,418	9,887
Edwardsville.....	10,376	10,704
Cost Per Student - Instructional Expenses Method		
Cost Per Full-Time Equivalent Student - Carbondale	\$20,671	\$17,046
Cost Per Full-Time Equivalent Student - Edwardsville.....	\$15,660	\$12,150
PRESIDENT		
During Examination Period: Dr. Daniel Mahony		
Currently: Dr. Daniel Mahony		

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

LACK OF ADEQUATE CONTROLS OVER THE REVIEW OF INTERNAL CONTROLS FOR SERVICE PROVIDERS

The University lacked adequate controls over its service providers. During tested, we noted:

Formal process not fully implemented

Incomplete list of service providers

No documented review of internal controls for 33% of service providers tested

Lack of SOC reports prevented auditors from determining adequacy of University review

Documentation lacking

- The campuses' population of service providers utilized was incomplete.
- The risk assessment questionnaire for onboarding vendors and service providers did not consistently document all relevant information.
- University personnel lacked sufficient guidance for completing their assessments.
- The University had not obtained System and Organization Controls (SOC) reports or documented an assessment of controls for 5 of 15 (33%) service providers.
- The University did not maintain the SOC report for 3 of 15 (20%) service providers where the University had documented their review of controls. Therefore, we were unable to determine whether the SOC reports were adequately reviewed, Complementary User Entity Controls (CUECs) were properly identified, monitored and documented; and SOC reports for subservice organizations were obtained and reviewed or alternative procedures performed to determine the impact on its internal control environment.
- The University did not document all key elements of their review of SOC reports including opinions, weaknesses reported and management's responses, CUECs and mapping to related internal controls at the University, and SOC reports or alternative procedures for sub-service organizations.
- The contracts between the University and the service providers did not contain a requirement for an independent review to be completed. (Finding 10, pages 36-39). **This finding has been reported since 2018.**

We recommended the University fully implement their process and strengthen controls to identify and document all service providers utilized and determine and document if a review of controls is required. Where appropriate, we recommended the University ensure knowledgeable staff:

- Obtain and maintain SOC reports or (perform independent reviews) of internal controls associated with outsourced systems at least annually.

- Monitor and document the operation of the CUECs related to the University's operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself the existence of the subservice organizations would not impact the internal control environment.
- Document its review of the SOC 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 University, and any compensating controls.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

University agreed internal control weaknesses exist and action will be taken to strengthen controls, but did not agree to keep SOC reports

University management agreed the established process for reviewing the internal controls of their service providers contains certain weaknesses which should be improved. The University also agreed to take specified actions to strengthen their process. The University further stated they currently do not intend to begin storing/maintaining SOC reports upon completion of the associated review due to the high risk and high impact damages to the University with no business benefit or return, especially once vendor security controls have been reviewed, breach liability has been established, and a risk decision has been made. The University did agree to re-evaluate their process to enhance it as needed to ensure a sufficient audit trail of the review process and conclusions reached, despite not maintaining the SOC report. University management also responded they will re-visit the SOC maintenance and storage issue with their legal counsel.

Accountants unable to review the efficiency and effectiveness of service providers' internal controls

In an accountant's comment, we stated that given the University's intention of not maintaining SOC reports, the auditors will not be able to review the efficiency and effectiveness of the service providers' internal controls and the associated examination of the controls by an independent service auditor. In addition, the auditors may be required to conduct additional testing to determine the University's compliance with the specified requirements.

NONCOMPLIANCE WITH ILLINOIS ARTICULATION INITIATIVE

Two degree programs lacked at least one course approved by the Initiative

The University did not maintain a minimum of one approved course per major under the Illinois Articulation Initiative (Initiative or IAI) for some majors offered by the University.

We noted the University did not have a minimum of one course approved by the Initiative panel included within the related

Initiative major for its early childhood education and political science degree programs. (Finding 11, Pages 40-42)

We recommended the University comply with the requirements of the Act or seek legislative change.

University disagreed based on a different interpretation of the law

University management disagreed on the basis of interpretation and stated they do not believe the intent to be to change or create courses to match panel criteria in all majors offered when IAI recommendations exist for that major. Management further stated they will continue their effort to reconcile the differing interpretations, and if they learn that their interpretation is not in line with the intent of the legislation, they will take steps to become fully compliant.

Initiative participation is required to enhance student's ability to transfer coursework

In an accountant's comment, we noted the General Assembly required participation in the Initiative by the State's public universities to enhance the ability of students, after completing their lower-division coursework, to transfer to any of the 78 four-year institutions participating in the Initiative without having to retake courses similar to the courses they took at their initial institution. Each campus of the State's public universities, as a separate institution within the Initiative, is responsible for identifying if their campus offers an equivalent course within the definition of the Initiative's underlying course descriptors for each major offered in the Initiative. Then, each institution must select, at least, one course that meets one of the course descriptors within an Initiative major and get this course accepted into the Initiative by ensuring the selected course meets the course descriptor's underlying elements.

Legislative purpose of the Act frustrated by interpretation

If the interpretation of the Act was solely for a campus to review its courses and conclude any incongruence with the underlying elements within a course descriptor, no matter how minor, meant the institution did not offer an equivalent course, then the legislative purpose of the Act would be frustrated. In this scenario, it is highly unlikely any of the 78 participating institutions would have had complete alignment between the syllabi and content of their courses without some modification and convergence through the Initiative.

SECURITY RELATED WEAKNESSES

The University did not maintain adequate security controls over its environment and devices.

Adequate security controls were not maintained over some workstations, servers, applications and firewalls

We selected a sample of workstations, servers, applications and firewalls to determine if security had been properly implemented to protect information assets and resources from unauthorized access and/or compromise of system integrity. Our testing noted the University did not maintain adequate

security controls over some of their workstations, servers, and firewalls. (Finding 14, Pages 49-50)

We recommended the University implement adequate security controls across the University's environment and devices.

University management agreed

University management agreed it did not maintain adequate security controls over some of its workstations, servers and firewalls. Management further stated it will continue to implement adequate security controls across the University's environment and devices.

OTHER FINDINGS

The remaining findings pertain to weaknesses in internal controls, federal and state legal compliance, and information technology. We will review the University's progress towards the implementation of our recommendations in our next State compliance examination.

AUDITOR'S OPINIONS

The financial audit report was previously released. The auditors stated the financial statements as of and for the year ended June 30, 2021 are fairly stated in all material respects.

The single audit report was separately released. The auditors conducted a Single Audit of the University as required by the Uniform Guidance. The auditors stated the Agency complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2021.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the University for the year ended June 30, 2021, as required by the Illinois State Auditing Act. The accountants qualified their report on State Compliance for Finding 2021-001. Except for the noncompliance described in that finding, the accountants stated the University complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Plante & Moran, PLLC.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

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FRANK J. MAUTINO
Auditor General

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