



**GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2024**

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

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2024

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GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2024

UNIVERSITY OFFICIALS

Interim President (March 1, 2025 to Present)	Dr. Corey S. Bradford, Sr.
President (July 1, 2023 to February 28, 2025)	Dr. Cheryl F. Green
Vice President for Administration and Finance	Dr. Corey S. Bradford, Sr.
General Counsel and Vice President	Ms. Therese Nohos
Chief Internal Auditor	Mr. Kristoffer Evangelista, CPA
Associate Vice President for Finance	Ms. Villalyn Baluga, CPA

OFFICERS OF THE UNIVERSITY BOARD OF TRUSTEES

Chairman (August 20, 2024 to Present)	Mr. James Kvedaras
Chairman (July 1, 2023 to August 19, 2024)	Ms. Angela Sebastian
Vice Chairman (August 20, 2024 to Present)	Ms. Stacy Crook
Vice Chairman (July 1, 2023 to August 19, 2024)	Mr. Kevin Brookins
Secretary (August 20, 2024 to Present)	Ms. Karen Nunn
Secretary (July 1, 2023 to August 19, 2024)	Mr. James Kvedaras

UNIVERSITY BOARD OF TRUSTEES

Trustee (November 27, 2023 to Present)	Ms. Karen Nunn
Trustee (July 1, 2023 to November 26, 2023)	Vacant
Trustee (October 20, 2023 to Present)	Ms. Stacy Crook
Trustee (July 1, 2023 to October 19, 2023)	Vacant
Trustee (July 1, 2024 to Present)	Mr. Harish Rayalapati, Student
Trustee (July 1, 2023 to June 30, 2024)	Ms. Lluvia Hernandez-Aguirre, Student
Trustee (March 21, 2025 to Present)	Ms. Angelica Zuniga
Trustee (January 21, 2025 to March 20, 2025)	Vacant
Trustee (July 1, 2023 to January 20, 2025)	Mr. Kevin Brookins
Trustee (March 10, 2025 to Present)	Ms. Judith Mitchell
Trustee (April 20, 2024 to March 9, 2025)	Vacant
Trustee (July 1, 2023 to April 19, 2024)	Mr. John Brudnak
Trustee (March 10, 2025 to Present)	Ms. Frances Kao
Trustee (January 21, 2025 to March 9, 2025)	Vacant
Trustee (July 1, 2023 to January 20, 2025)	Ms. Angela Sebastian
Trustee	Mr. James Kvedaras
Trustee	Mr. Anibal Taboas

UNIVERSITY OFFICE

1 University Parkway, University Park, Illinois 60484

MANAGEMENT ASSERTION LETTER

May 6, 2025

Adelfia LLC
400 E. Randolph Street, Suite 700
Chicago, IL 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, Governors 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, 2024. Based on this evaluation, we assert that during the year ended June 30, 2024, 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. 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,

Governors State University**SIGNED ORIGINAL ON FILE**

Dr. Corey S. Bradford, Sr.
Interim President

SIGNED ORIGINAL ON FILE

Ms. Villalyn Baluga, CPA
Associate Vice President
for Finance

SIGNED ORIGINAL ON FILE

Ms. Therese Nohos
General Counsel and Vice
President

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2024

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, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	17	12
Repeated Findings	10	8
Prior Recommendations Implemented or Not Repeated	2	1

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2024-001	9	2023/2023	Weaknesses in Change Control Processes	Significant Deficiency and Noncompliance
2024-002	11	2023/2021	Enrollment Reporting	Significant Deficiency and Noncompliance
2024-003	13	2023/2023	Noncompliance with Gramm-Leach-Bliley Act	Significant Deficiency and Noncompliance
2024-004	15	New	Noncompliance with Notification Requirements on Direct PLUS Loans Disbursements	Significant Deficiency and Noncompliance

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2024

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)				
2024-005	17	New	Failure to Retain Adequate Documentation of Internal Direct Loans Reconciliation	Noncompliance
2024-006	19	New	Noncompliance with Perkins Loans' Retention of Records Requirements	Noncompliance
2024-007	20	New	Noncompliance with Activities Allowed or Unallowed and Allowable Costs and Cost Principles Requirements	Noncompliance
2024-008	22	2023/2020	Inadequate Internal Controls over Census Data	Significant Deficiency and Noncompliance
2024-009	24	New	Inadequate Controls over Monitoring of Partial Tuition Waivers	Significant Deficiency and Noncompliance
2024-010	25	New	Inadequate Internal Controls over Compliance with College Student Immunization Act	Significant Deficiency and Noncompliance
2024-011	26	New	Internal Audit Deficiencies	Significant Deficiency and Noncompliance
2024-012	28	2023/2005	Time Sheets not Properly Maintained	Significant Deficiency and Noncompliance
2024-013	30	2023/2019	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2024-014	33	2023/2016	Computer Security Weaknesses	Significant Deficiency and Noncompliance
2024-015	35	2023/2021	Inadequate Controls around Service Providers	Significant Deficiency and Noncompliance
2024-016	38	2023/2021	Weaknesses in System Access Controls	Significant Deficiency and Noncompliance

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2024

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)				
2024-017	40	2023/2021	Weaknesses with Payment Card Industry Data Security Standards	Significant Deficiency and Noncompliance
Prior Findings Not Repeated				
A	42	2023/2023	Inadequate Controls over Payroll Expenditures and Noncompliance with Allowable Costs & Cost Principles Requirements Applicable to the Head Start Cluster	
B	42	2023/2023	Failure to File Real Property Status Report	

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Ms. Villalyn Baluga, Associate Vice President for Finance, on April 21, 2025. The responses to the recommendations were provided by Ms. Villalyn Baluga, Associate Vice President for Finance, in correspondences dated March 13, 2025 and May 1, 2025.



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
Governors State University

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Governors 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, 2024. 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 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.

In our opinion, the University complied with the specified requirements during the year ended June 30, 2024, 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 2024-001 through 2024-017.

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.

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 material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2024-001 through 2024-004 and 2024-008 through 2024-017 that we consider 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
May 6, 2025

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-001. **FINDING** (Weaknesses in Change Control Processes)

Governors State University (University) did not have adequate controls around its change control process and had not adequately controlled developer access to its production environment.

The University established a change management process describing the process from initiation until post-implementation review. However, during the review of the University's change control policies and procedures, we noted the following:

- The change policy did not describe standard testing and documentation requirements for each type of change.
- Developers had access to the production environment, resulting in a segregation of duties weakness.

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 and System and Communication Protection sections, requires entities to develop and document control over changes, for changes to follow the documented controls, and developers' access to the production environment is restricted.

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 with proper segregation of duties to provide assurance that resources are utilized efficiently and effectively.

University officials stated these exceptions were due to resource constraints and competing priorities.

Failure to establish adequate controls and documentation around the change control process may lead to the University being unable to monitor and ensure only valid, authorized changes are deployed in the University's Information Technology Environment. Also, allowing developers to access the production environment results in segregation of duties weakness and increases the risk of unauthorized changes being made to the computing system. (Finding Code No. 2024-001, 2023-001)

RECOMMENDATION

We recommend the University update its policies and procedures to describe testing and documentation requirements for each type of change.

Further, we recommend the University strengthen controls to ensure proper segregation of duties are established by restricting developers' access to the production environment.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-001. **FINDING** (Weaknesses in Change Control Processes) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has built a robust change control program to ensure system changes are completed with minimal impact and security implications. The University will also prioritize establishing the necessary procedures. Additionally, the University plans to engage with a third party which will be responsible for implementing changes to the Colleague production environment, remedying the separation of duties weakness.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-002. **FINDING** (Enrollment Reporting)

Federal Department:	U.S. Department of Education
Assistance Listing Number:	84.268
Cluster Name:	Student Financial Assistance Cluster
Program Name:	Federal Direct Student Loans
Award Numbers:	P268K240567, P268K230567
Questioned Cost:	None
Program Expenditures:	\$21,113,430
Cluster Expenditures:	\$32,781,904

Governors State University (University) did not timely and accurately report student enrollment information to the U.S. Department of Education’s National Student Loan Data System (NSLDS).

During testing of 40 enrollment status changes, we noted the following:

- Seven of 40 (18%) enrollment status changes were not reported timely to the NSLDS. These enrollment status changes were reported 1 to 228 days late after the date of occurrence. In addition, 2 of the 7 enrollment status changes pertain to students with direct loans who ceased to be enrolled on at least a half-time basis for the period for which the loan was intended.
- Ten of 40 (25%) enrollment status changes data had discrepancies in Program Begin Date ranging from 1,254 days early to 2 days late when compared to their official program start dates.

The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (34 CFR 685.309) requires the University, upon the receipt of an enrollment report from the Secretary of the Department of Education (ED), to update all information included in the report and return the report to the ED within the timeframe prescribed by the ED. It further requires the University to report enrollment changes within 30 days unless a roster file is expected within 60 days, in which case the enrollment data may be updated on that roster file changes. This report should include changes such as when a Direct Loan was made to or on behalf of a student who was enrolled or accepted for enrollment at the University, and the student has ceased to be enrolled on at least a half-time basis or failed to enroll on at least a half-time basis for the period for which the loan was intended.

The NSLDS Enrollment Reporting Guide states the University is responsible for accurately reporting all Program-Level Record and Campus-Level Record data elements. The Program Begin Date is the date the student first began attending the program being reported. Typically, this would be the first day of the term in which the student began enrollment in the program, unless the student enrolled in the program on an earlier date.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-002. **FINDING** (Enrollment Reporting) (Continued)

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving federal awards to establish and maintain internal controls designed to reasonably ensure compliance with federal statutes, regulations, and terms and conditions of the federal award. Effective internal controls should include procedures to ensure accurate and timely student enrollment status reports are submitted to NSLDS.

University officials stated the delay in reporting status changes was attributable to challenges within the reporting protocols to the NSLDS for various status change scenarios occurring after the term end date and delays in the internal reporting process.

The University reports enrollment status changes to NSLDS through the National Student Clearinghouse (NSC), a third-party servicer. As part of the enrollment reporting process, system-generated files are uploaded to the NSC, which then provides the data to NSLDS. Upon review of the system-generated files, there are various dates contained within the files, which may have caused inaccurate Program Begin Dates reflected in the NSLDS' Program-Level Record.

Accurate, timely, and complete enrollment information is critical for effective and proper administration of the student financial aid programs. Noncompliance with enrollment reporting regulations may result in a loss of future federal funding. (Finding Code No. 2024-002, 2023-002, 2022-002, 2021-003)

RECOMMENDATION

We recommend the University improve its procedures to ensure timely and accurate reporting of student enrollment status to the NSLDS both in Program-Level Record and Campus-Level Record.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Following consultation with the NSC, guidelines were provided for handling various status change scenarios. These guidelines will enhance the accuracy of enrollment status change reporting, particularly for students with changes occurring before or after the subsequent enrollment file submission. Status changes are now being reported to the NSLDS in a timely and accurate manner, in accordance with the NSC guidelines. The University has also implemented a reporting timeline and review protocols to ensure status changes are reported to the NSLDS in a timely manner. Additionally, the University will collaborate with its Information Technology Services and representatives from the NSC and NSLDS to verify the accuracy of the file layouts and the data flow of the information provided.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-003. **FINDING** (Noncompliance with Gramm-Leach-Bliley Act)

Federal Department:	U.S. Department of Education, U.S. Department of Health and Human Services
Assistance Listing Number:	84.268, 84.063, 84.038, 84.033, 84.007, 84.379, 93.925, 93.264
Cluster Name:	Student Financial Assistance Cluster
Program Name:	Federal Direct Student Loans, Federal Pell Grant Program, Federal Perkins Loan Program, Federal Work-Study Program, Federal Supplemental Educational Opportunity Grants, Teacher Education Assistance for College and Higher Education Grants, Scholarships for Health Professions Students from Disadvantaged Backgrounds, and Nurse Faculty Loan Program
Award Numbers:	P268K240567, P268K230567, P063P230567, P063P220567, P033A231156, P033A221156, P007A231156, P007A221156, P379T240567, 5 T08HP39308-04-00, and E01HP27019
Questioned Cost:	None
Program Expenditures:	\$21,113,430; \$7,760,752; \$1,938,618; \$512,881; \$227,850; \$31,236; \$576,000; \$621,137
Cluster Expenditures:	\$32,781,904

Governors State University (University) did not establish a written incident response plan designed to promptly respond to, and recover from, any security event materially affecting the confidentiality, integrity, or availability of customer information in their control.

During our audit, we noted the University was unable to complete the development of the written incident response plan as of the end of the audit period.

On December 9, 2021, the Federal Trade Commission issued final regulations to amend the Standards for Safeguarding Customer Information (Safeguards Rule), an important component of the Gramm-Leach-Bliley Act's (GLBA) requirements for protecting the privacy and personal information of consumers.

The Code of Federal Regulations (16 CFR 314.4(h)) requires the University to develop, implement and maintain an information security program which includes establishing a written incident response plan designed to promptly respond to, and recover from, any security event materially affecting the confidentiality, integrity, or availability of customer information in its control.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-003. **FINDING** (Noncompliance with Gramm-Leach-Bliley Act) (Continued)

At a minimum, such incident response plan shall address the following areas:

- the goals of the incident response plan;
- the internal processes for responding to a security event;
- the definition of clear roles, responsibilities, and levels of decision-making authority;
- external and internal communications and information sharing;
- identification of requirements for the remediation of any identified weaknesses in information systems and associated controls;
- documentation and reporting regarding security events and related incident response activities; and
- the evaluation and revision as necessary of the incident response plan following a security event.

Additionally, the Uniform Guidance (2 CFR 200.303(a)) 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 officials stated the University has been actively engaged in the development of a written incident response plan; however, the plan was not completed by the end of Fiscal Year 2024 due to the extensive range of tasks required for its completion.

The intent of the GLBA Safeguards Rule is to enhance security over confidential information. Without a documented response to all applicable requirements, the University is more susceptible to vulnerabilities as it relates to protecting the privacy and personal information of students than it will be following full implementation. (Finding Code No. 2024-003, 2023-003)

RECOMMENDATION

We recommend the University continue towards completion and full implementation of the written incident response plan.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has recently completed the development of the written incident response plan during Fiscal Year 2025.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-004. **FINDING** (Noncompliance with Notification Requirements on Direct PLUS Loans Disbursements)

Federal Department:	U.S. Department of Education
Assistance Listing Number:	84.268
Cluster Name:	Student Financial Assistance Cluster
Program Name:	Federal Direct Student Loans
Award Numbers:	P268K240567, P268K230567
Questioned Cost:	None
Program Expenditures:	\$21,113,430
Cluster Expenditures:	\$32,781,904

Governors State University (University) did not comply with the notification requirements on Direct PLUS Loans disbursements.

During testing of 25 Direct Loans disbursements, we noted 2 (8%) students with Direct PLUS loans, where the parents were not properly notified. Notifications were made only to students.

The Code of Federal Regulations (34 CFR 668.165) requires the University when Direct Loans are being credited to a student's account to notify the student, or parent, in writing of (1) the date and amount of the disbursement; (2) the student's right, or parent's right, to cancel all or a portion of that loan or loan disbursement and have the loan proceeds returned to Department of Education; and (3) the procedure and time by which the student or parent must notify the institution that he or she wishes to cancel the loan (a minimum of 14 or 30 days depending on confirmation process). Further, the Federal Student Aid (FSA) handbook clarified that general notification must be provided to the parent Direct PLUS borrower and all students receiving FSA funds.

University officials stated they were aware of the notification requirements and believed the existing process was compliant with the requirements.

Proper notifications protect the borrower's rights and give the parent borrower a chance to reconsider the loan, adjust disbursements or cancel within the specified timeframe. In addition, failure to implement notification requirements represents noncompliance with federal regulations. (Finding Code No. 2024-004)

RECOMMENDATION

We recommend the University improve its procedures to ensure proper notification is made to the parent Direct PLUS borrowers.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-004. **FINDING** (Noncompliance with Notification Requirements on Direct PLUS
Loans Disbursements) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has implemented changes to procedures to send proper notification to the parent Direct PLUS borrowers.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-005. **FINDING** (Failure to Retain Adequate Documentation of Internal Direct Loans Reconciliation)

Federal Department:	U.S. Department of Education
Assistance Listing Number:	84.268
Cluster Name:	Student Financial Assistance Cluster
Program Name:	Federal Direct Student Loans
Award Numbers:	P268K240567, P268K230567
Questioned Cost:	None
Program Expenditures:	\$21,113,430
Cluster Expenditures:	\$32,781,904

Governors State University (University) did not retain documentation of its internal monthly Direct Loans reconciliation to demonstrate timely completion.

During testing of Direct Loans, we were unable to verify whether the University completed the monthly internal reconciliation in a timely manner due to the absence of supporting documentation.

The Federal Student Aid (FSA) issued Electronic Announcement General-22-86 covering reconciliation requirements for all Title IV programs between Department of Education’s G5 system records and the University’s internal records. It further requires the University to reconcile internally, disbursement data between Financial Services and Comptroller Office and Financial Aid Office.

Additionally, the Uniform Guidance (2 CFR 200.303(a)) 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 officials stated the University performs the monthly internal reconciliation process. However, the monthly internal reconciliation spreadsheet is updated each month without retaining the prior versions.

Failure to properly document internal monthly reconciliations between the Financial Services and Comptroller Office and Financial Aid Office may result in inaccurate and incomplete financial information. (Finding Code No. 2024-005)

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-005. **FINDING** (Failure to Retain Adequate Documentation of Internal Direct Loans Reconciliation) (Continued)

RECOMMENDATION

We recommend the University improve its procedures to ensure documentation is retained to demonstrate timely completion of reconciliations.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Existing procedures have been revised to require the retention of internal reconciliation records on a monthly basis.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-006. **FINDING** (Noncompliance with Perkins Loans’ Retention of Records Requirements)

Federal Department:	U.S. Department of Education
Assistance Listing Number:	84.038
Cluster Name:	Student Financial Assistance Cluster
Program Name:	Federal Perkins Loan Program
Award Number:	None
Questioned Cost:	None
Program Expenditures:	\$1,938,618
Cluster Expenditures:	\$32,781,904

Governors State University (University) did not maintain a copy of the master promissory note (MPN) for a Perkins Loan program loan.

During testing of Perkins Loan receivables, we identified 1 of 12 (8%) students with a missing MPN.

The Code of Federal Regulations (34 CFR 674.19(e)) requires the University to retain a record of disbursements for each loan made to a borrower on a promissory note. In addition, the University is required to keep the original MPN until the loans are satisfied. If required to release original documents in order to enforce the loan, the University must retain certified true copies of those documents.

University officials stated the University maintains copies of the MPNs; however, the one MPN pertained to a Perkins Loan disbursed over 18 years ago. Consequently, it may have been misplaced due to staffing changes over the years.

Failure to properly maintain loan documentation may result in inaccurate loan balances, potential disputes with borrowers, and noncompliance with federal regulations. (Finding Code No. 2024-006)

RECOMMENDATION

We recommend the University improve its procedures to ensure compliance with records retention requirements.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Existing University procedures ensure MPNs and other Perkins-related documentation requirements are properly maintained. The University will continue its ongoing process of reviewing Perkins documentation to comply with the requirements.

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2024-007. **FINDING** (Noncompliance with Activities Allowed or Unallowed and Allowable Costs and Cost Principles Requirements)

Federal Department:	U.S. Department of Education
Assistance Listing Number:	84.425D
Cluster Name:	Education Stabilization Fund
Program Name:	Elementary and Secondary School Emergency Relief Fund
Award Number:	S425D210041
Questioned Cost:	None
Program Expenditures:	\$1,222,010
Cluster Expenditures:	\$1,466,030

Governors State University (University) did not comply with activities allowed or unallowed and allowable costs and cost principles requirements.

During our review of the Illinois Tutoring Initiative program under the Elementary and Secondary School Emergency Relief (ESSER) Fund which had total expenditures of \$1,222,010, we identified 1 of 25 (4%) expenditures was inappropriately charged to the grant. The University inadvertently charged Central Management Services (CMS) insurance of \$414 for an employee who did not work on the program. The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (2 CFR 200.431(c)) requires the University to allocate fringe benefits to federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such federal awards and other activities, and charged as direct or indirect costs following the University's accounting practices.

Additionally, the Uniform Guidance (2 CFR 200.303(a)) 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 officials stated the charge was meant for a different federal grant, but was inadvertently assigned to the ESSER grant due to a formula error in the supporting spreadsheet.

Failure to accurately charge the correct grant may result in disallowance of federal expenditures and questioned costs, and could jeopardize future federal funding. (Finding Code No. 2024-007)

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2024-007. **FINDING** (Noncompliance with Activities Allowed or Unallowed and Allowable Costs and Cost Principles Requirements) (Continued)

RECOMMENDATION

We recommend the University improve its procedures to ensure fringe benefits allocated to the grant align consistently with the salaries and wages charged to the grant.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. More stringent review procedures have been implemented to prevent the recurrence of this issue.

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2024-008. **FINDING** (Inadequate Internal Controls over Census Data)

The Governors State University (University) did not have adequate internal control over reporting its census data 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 pensions 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 2022 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2023, which is incorporated into the University's Fiscal Year 2024 financial statements.

During our cut-off testing of data transmitted by the University to SURS, we noted 3 instances of an inactive employee becoming active were reported to SURS after the close of the fiscal year in which the event occurred. These instances have been previously reported, however still impacted the June 30, 2022 census data. SURS determined the total potential impact of these errors was the instructors' service credit was off by a combined 6.75 years.

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 2023.

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2024-008. **FINDING** (Inadequate Internal Controls over Census Data) (Continued)

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

University officials indicated the 3 instances of late reported events occurred before the current procedures were put into place.

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. (Finding Code No. 2024-008, 2023-006, 2022-001, 2021-001, 2020-001)

RECOMMENDATION

We recommend the University continue 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 this finding and accepts the recommendation. The University has already established procedures that will address timely and accurate reporting of census data events to SURS.

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2024-009. **FINDING** (Inadequate Controls over Monitoring of Partial Tuition Waivers)

The Governors State University (University) did not maintain adequate controls over monitoring of partial tuition waivers granted to children of University employees.

During our testing of University employee waivers, we noted one of 3 (33%) students selected for testing received partial tuition waiver benefits for more than four years while enrolled at the University and another participating State university. The student exceeded the limit by one academic year or equivalent to \$7,199.

The Governors State University Law (Law) (110 ILCS 670/15-90(c)) states the eligible applicant who has continued to maintain satisfactory academic progress toward graduation may have his or her partial tuition waiver renewed until the time as he or she has expended 4 years of undergraduate partial tuition waiver benefits.

University officials stated the University lacked formal procedures for administering dependent tuition waivers.

Failure to monitor tuition waivers resulted in financial loss to the University and noncompliance with the Law. (Finding Code No. 2024-009)

RECOMMENDATION

We recommend the University strengthen its internal controls to ensure partial tuition waivers for children of University employees comply with statutory limits. In addition, we recommend the University seek repayment of waived tuition amount.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University has begun updating its process to comply with the mandate by requiring students complete the new form and implementing regular monitoring procedures of each waiver submitted. Written procedures will also be developed to ensure staff members processing dependent tuition waivers understand the process.

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2024-010. **FINDING** (Inadequate Internal Controls over Compliance with College Student Immunization Act)

The Governors State University (University) did not have adequate internal control over compliance with the College Student Immunization Act (Act).

During our review of the University’s annual immunization report for Fall 2023 covered students, the University did not retain the supporting population immunization records of enrolled students.

As a result, we were unable to perform detailed testing of the University’s immunization records as reported to the Illinois Department of Public Health (Department), and unable to determine accuracy of the annual immunization report submitted by the University.

The Act (110 ILCS 20/5) requires the University to maintain on file the proof of immunization, certification of medical exemption or statement of religious objection for all persons attending the institution.

The State Records Act (5 ILCS 160/8) requires the University to make and preserve records containing adequate and proper documentation of the functions, policies, decisions, procedures and essential transitions designed to protect the legal and financial rights of the State.

University officials stated their files were inadvertently overwritten when reports were updated. The University’s ERP System maintains student immunization data in real time, and it was not possible to run a historical report from a date in the past.

Failure to retain supporting population records of reports submitted to the Department may compromise the University’s ability to ensure compliance with the Act and could adversely impact future decision making when such information is required to address public health risks from communicable diseases. (Finding Code No. 2024-010)

RECOMMENDATION

We recommend the University maintain the report on file along with all supporting documentation to ensure accurate record keeping and compliance with the Act.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. Since Fall of 2024, any data source used for Department reporting has been saved in multiple locations with detailed indexes to demonstrate how data was calculated for each reporting section of the College Student Immunization Status Certification Form. This will reduce the possibility of losing or corrupting information that cannot be recreated for prior years.

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2024-011. **FINDING** (Internal Audit Deficiencies)

The Governors State University (University) had deficiencies within its internal audit activities during Fiscal Year 2024.

During our testing, we noted the following:

- Three of 4 (75%) audit reports had not been provided to the auditors. Additionally, the internal audit workpapers for two sample audit reports remain outstanding. The University’s Chief Internal Auditor (CIA) reported four completed audits in the annual report dated September 30, 2024 to the University President.
- The University’s internal audit function failed to conduct a new external assessment during the examination period as required. The last external assessment was conducted in July 2018. Additionally, the annual audit report dated September 30, 2024, incorrectly stated that internal audit engagements were conducted in accordance with International Standards for the Professional Practice of Internal Auditing (IPPIA).

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/2003(a)(1)) requires the CIA to submit a written report to the chief executive officer detailing how the audit plan for that year was carried out, the significant findings, and the extent to which recommended changes were implemented. In addition, the IPPIA Section 2330 requires internal auditors to document sufficient, reliable, relevant, and useful information to support the engagement results and conclusions.

The University’s Internal Audit Charter also includes the following in its description of the audit process:

- Adequate documentation supporting the audit procedures performed, the results of testing, analysis, and conclusions.
- A written report of the Office of Internal Audit’s evaluation of the risks and controls, including the results of testing, exceptions noted, weaknesses identified, and recommendations.

The IPPIA Section 1312 requires external assessments to be conducted at least every five years by a qualified, independent assessor or assessment team from outside the organization.

The IPPIA Section 1321 states “Indicating that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing is appropriate only if supported by the results of the quality assurance and improvement program.”

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2024-011. **FINDING** (Internal Audit Deficiencies) (Continued)

University officials stated the issues were primarily due to the historical resource constraints within the internal audit function, which operated as a one-person department until June 1, 2023, delays in obtaining the requested information and documents from the auditees, along with competing priorities and ongoing audit engagements. Despite efforts to manage the audit workload, these limitations affected their ability to meet key audit requirements during the audit period. Further, the nonconformance with the IPPIA was communicated to management and Board of Trustees as part of the annual internal audit reporting at the Board of Trustees on March 10, 2025.

Reporting audits as completed when the supporting documentation had not been finalized precludes management from having a clear picture of internal audit activity. In addition, the lack of a periodic external assessment may delay the detection of deficiencies in the internal audit program and results in noncompliance with the IPPIA standards (Finding Code No. 2024-011)

RECOMMENDATION

We recommend the University improve its procedures to ensure timely finalization of its audit documentation. We further recommend the University to conduct a periodic external assessment of the internal audit function, in compliance with the IPPIA standards.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The Office of Internal Audit is committed to ensuring the efficient completion of planned audits including the preparation of comprehensive supporting documentation, and timely issuance of the reports thereon. As part of the external quality assessment process, the Office of Internal Audit has already initiated the self-assessment phase, which will be followed by independent validation conducted by a qualified, independent external assessor. Furthermore, the Office of Internal Audit has hired an additional staff member to alleviate resource limitations.

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2024-012. **FINDING** (Time Sheets not Properly Maintained)

The Governors State University (University) did not maintain time sheets for its faculty members and advisors in compliance with the State Officials and Employees Ethics Act (Act).

During our testing of 25 employee time sheets. We noted 4 (16%) faculty members/advisors used "negative" timekeeping whereby the employee is assumed to be working unless noted otherwise.

The University was first cited for this noncompliance in the compliance examination for the year ended June 30, 2005. In the years since the finding was first noted, the University has failed to take substantive corrective actions to resolve the condition noted in this finding.

The Act required the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) states, "The policies shall require State employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour; contractual State employees may satisfy the time sheets requirement by complying with the terms of their contract, which shall provide for means of compliance with this requirement." The IBHE adopted personnel policies for public universities on February 3, 2004 in accordance with the Act. The University has not incorporated these policies into the University's policies.

University officials indicated they have not changed timesheet procedures for faculty members and advisors to comply with the Act since its inception, and have continued to review, along with other State universities, time reporting for faculty members and advisors, as it relates to existing collectively bargained contractual obligations. The University's efforts to establish new time reporting requirements for faculty members and advisors in accordance with the Act were completed, but these changes were not implemented until after Fiscal Year 2024.

By not requiring positive time reporting from all its employees, the University is not in compliance with the Act. (Finding Code No. 2024-012, 2023-007, 2022-004, 2021-009, 2020-009, 2019-009, 2018-016, 2017-017, 2016-017, 2015-005, 2014-004, 2013-010, 12-11, 11-11, 10-11, 09-3, 08-3, 07-3, 06-4, 05-7)

RECOMMENDATION

We recommend the University revise its procedures, policies, and/or contracts to ensure all employees submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

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2024-012. **FINDING** (Time Sheets not Properly Maintained) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University implemented new time reporting requirements effective for the pay period beginning October 1, 2024, mandating that faculty members and advisors submit semi-monthly timesheets documenting the time spent each day on official State business to the nearest quarter hour, in compliance with the Act.

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2024-013. **FINDING** (Weaknesses in Cybersecurity Programs and Practices)

Governors State University (University) had not fully implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the University’s mission to provide higher educational opportunities to its student body, the University maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, educational records, and Social Security numbers within its computerized systems.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies, including universities, 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:

- Documented and implemented appropriate controls to reduce the risk of unauthorized disclosure in response to risk assessments and vulnerability monitoring.
- Developed a formal, comprehensive, and adequate security program (policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental and operational requirements.
- Developed detailed guidance on controls for storage media, access permissions, data retention, and data destruction policies in alignment with the University’s classification of data.
- Developed formal policies and procedures for dissemination of all of its information system policies to employees, students, and contractors utilizing the University’s resources.
- Developed a project management framework to ensure new applications were developed and implemented in accordance with management’s intentions.
- Developed and adopted policies and procedures for monitoring and logging of security events.

Finally, this finding was first noted during the University’s Fiscal Year 2019 State compliance examination. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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.

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2024-013. **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.

Finally, the University's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials indicated resource constraints and competing priorities have prevented the development and adoption of formal cybersecurity plan and programs.

The lack of adequate cybersecurity programs and practices could result in unidentified risks and vulnerabilities and ultimately lead to the University's information system resources and volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2024-013, 2023-008, 2022-005, 2021-010, 2020-010, 2019-010)

RECOMMENDATION

The University has the ultimate responsibility for ensuring its information system resources are available for authorized use and confidential information is protected from accidental or unauthorized disclosure. Specifically, we recommend the University:

- Implement appropriate controls to reduce the risk of unauthorized disclosure in response to risk assessments and vulnerability monitoring.
- Develop the University's security program (formal and comprehensive policies, procedures and processes) to manage and monitor the regulatory, legal, environmental and operational requirements.
- Develop detailed guidance on controls for storage media, access permissions, data retention, and data destruction policies in alignment with the University's classification of data.
- Regularly communicate security policies to employees, students and contractors and maintain a record of such.
- Develop a project management framework to guide the process of developing and implementing new applications.
- Develop written procedures for security event monitoring and maintain a log of security events.

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2024-013. **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation, and has taken the following corrective actions:

- The University currently performs an annual risk assessment and continuous vulnerability monitoring of internet-facing systems. Vulnerability monitoring of internal systems has been included in a Request for Proposal (RFP) for a managed security services provider, which is currently in the evaluation phase.
- The University has adopted Policy 92, Information Security, and is adopting additional security-related policies and procedures as appropriate. The University will continue to prioritize the creation of the recommended policies and procedures.
- The University now notifies employees and students of new security-related policies and procedures via the quarterly Information Technology Services newsletter. For contractors, an onboarding document has been developed, which includes a link to the University's public policies. This document is planned for distribution to contractors soon.
- A Project Oversight Committee has been formed, and a project management framework is being developed as resource capacity allows.
- Policies and procedures for monitoring and logging of security events are planned pending the outcome of the aforementioned RFP for a managed security services provider.

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2024-014. **FINDING** (Computer Security Weaknesses)

Governors State University (University) had not established adequate controls for its computing environment.

During review of the University’s controls around system security, we noted the University had not established formal policies and procedures for:

- Restricting physical access to computer resources.
- Monitoring, testing, and installing vendor released patches.

This finding was first noted during the University’s Fiscal Year 2016 State compliance examination. As such, University management had been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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, System and Information Integrity section requires implementation of security protection mechanisms; System and Services Acquisition section requires a properly secured infrastructure; and Configuration Management section requires the development of configuration management policies and procedures.

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

Finally, the University’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials indicated resource constraints and competing priorities have prevented the development and adoption of formal guidelines and controls around system security.

Inadequate security controls may result in unauthorized access to, damage to, or theft of University data and computing equipment. (Finding Code No. 2024-014, 2023-009, 2022-006, 2021-011, 2020-011, 2019-011, 2018-019, 2017-019, 2016-020)

RECOMMENDATION

We recommend the University establish and adopt formal policies and procedures for physical access security, and monitoring, testing, and installing vendor released patches.

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2024-014. **FINDING** (Computer Security Weaknesses) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University currently engages in the practices listed in the recommendations but has not adopted formal policies and procedures. The University will prioritize the creation and adoption of the requisite policies and procedures before the end of Fiscal Year 2025.

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2024-015. **FINDING** (Inadequate Controls around Service Providers)

Governors State University (University) did not have adequate controls around its service providers.

In Fiscal Year 2024, the University identified 86 service providers. The University maintains numerous cloud-based solutions with various service providers. These service providers maintain the hardware, software and data for various applications regarding many sectors, such as campus news and events, student orientation, employment, photographs, student organizations, visitor tracking, course evaluations, and emergency notifications.

During testing of 21 service providers, we noted the University had not:

- Developed formal, documented policies and procedures to ensure performance measures are monitored to comply with contractual terms for the service providers tested (100%).
- Performed a review of the System and Organization Control (SOC) reports for two (10%) service providers.
- Timely reviewed the SOC reports or equivalent, for 16 (76%) service providers, with reviews conducted between 100 to 863 days after report issuance.
- Assessed and documented the operation of Complementary User Entity Controls (CUECs) relevant to the University’s operations for 12 (57%) service providers.
- Obtained and reviewed SOC reports for the subservice providers or performed alternative procedures to determine the impact on the University’s internal control environment for 19 (90%) service providers.
- Conducted an analysis to determine the impact of modified opinions and control deviations on 2 (50%) of 4 SOC reports.

The University is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

Finally, this finding was first noted during the University’s Fiscal Year 2021 State compliance examination. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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 timely review of the System and Organization Control reports or independent reviews.

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2024-015. **FINDING** (Inadequate Controls around Service Providers) (Continued)

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

Finally, the University’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials indicated resource constraints and competing priorities have prevented full implementation of the review process including development of formal policies and procedures on ensuring due diligence on service providers and ensuring performance measures are monitored to comply with contractual terms.

Without having adequate monitoring controls over service providers, including proper and timely reviews of SOC reports or another form of independent internal control review, the University does not have assurance the service provider’s internal controls are adequate to support the University’s processes and ensure its data are secured. (Finding Code No. 2024-015, 2023-010, 2022-007, 2021-012)

RECOMMENDATION

We recommend the University:

- Establish policies and procedures to ensure performance measures are monitored to comply with contractual terms and service level agreements.
- Obtain and review the SOC reports of all service providers.
- Perform timely review of SOC reports of the service providers.
- Monitor and document the operation of the CUECs noted in the SOC reports that are relevant to the University's operations.
- Obtain and review the SOC reports of subservice providers or perform alternative procedures to determine the impact on the internal control environment of the University.
- Conduct an analysis to determine the impact of noted deviations in the SOC reports to the University's internal control environment.

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2024-015. **FINDING** (Inadequate Controls around Service Providers) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. As previously noted, the University has allocated substantial resources to meet the recommendations; however, compliance is becoming more challenging as the requirements imposed upon State agencies in the pursuit of adequate third-party risk management continue to tighten. The University currently conducts a risk assessment on all known cloud service providers and assigns a risk rating based partly on the type of documentation provided by the service providers; no new contracts are signed with service providers until this review is complete. The University will continue its efforts toward compliance with the recommendations.

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2024-016. **FINDING** (Weaknesses in System Access Controls)

Governors State University (University) had not established adequate controls for system access.

Upon review of the University's controls around system access, we noted the University had not established and adopted formal policies and procedures for periodic review of access rights to applications to ensure appropriateness of access granted.

Additionally, we noted the University did not have formal approved policies for provisioning, deprovisioning, and monitoring of remote user access.

Finally, this finding was first noted during the University's Fiscal Year 2021 State compliance examination. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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, Access Control and System and Communication Protection sections, requires entities to implement adequate internal controls over access to their environments, applications and data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University 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 to maintain accountability over the University's resources.

Finally, the University's management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials indicated resource constraints and competing priorities have prevented the development and adoption of formal system access controls and procedures.

Inadequate system access and security controls may result in exposing information assets and resources to unauthorized disclosure, modification, or destruction. (Finding Code No. 2024-016, 2023-011, 2022-008, 2021-013)

RECOMMENDATION

We recommend the University establish and adopt formal policies and procedures to perform and document a periodic user access review for applications.

Further, we recommend the University adopt formal policies on provisioning, deprovisioning, and monitoring of remote user access.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-016. **FINDING** (Weaknesses in System Access Controls) (Continued)

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University is currently building a process for periodic review of access rights to applications and plans to begin implementation shortly. Additionally, the University has formally adopted a procedure for provisioning, deprovisioning, and monitoring of remote user access during Fiscal Year 2025.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-017. **FINDING** (Weaknesses with Payment Card Industry Data Security Standards)

Governors State University (University) had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS).

In Fiscal Year 2024, the University accepted approximately 18,815 credit card transactions estimated at \$15.3 million.

Upon review of the University’s efforts to ensure compliance with PCI DSS, we noted the University had not:

- Completed formal assessments of each merchant accepting credit card payments, including the appropriate Self-Assessment Questionnaire (SAQ) and certifying compliance;
- Validated merchants for all elements of its cardholder data environment verifying PCI-DSS compliance;
- Ensured all employees involved in the processing of cardholder data received annual security training; and
- Maintained an agreement with each service provider which requires the service provider to ensure validated PCI compliance for the services/solutions being provided.

This finding was first noted during the University’s Fiscal Year 2021 State compliance examination. As such, University management had been unsuccessful in implementing a corrective action plan to remedy this deficiency.

PCI DSS was developed to detail security requirements for entities that store, process, or transmit cardholder data. Cardholder data is any personally identifiable data associated with a cardholder. To assist merchants in the assessments of their environment, the PCI Council has established SAQ for validating compliance with PCI’s core requirements.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Finally, the University’s management team is responsible for implementing timely corrective action on all of the findings identified during a State compliance examination.

University officials stated resource constraints and competing priorities hindered efforts to bring University merchants into compliance with PCI DSS during Fiscal Year 2024.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2024

2024-017. **FINDING** (Weaknesses with Payment Card Industry Data Security Standards)
(Continued)

Failure to complete SAQs on all merchants, and validate merchants for PCI compliance, could result in noncompliance with PCI DSS requirements or identity theft or the loss of credit card data, or loss of the right to utilize certain credit card providers if not in compliance with current PCI standards. (Finding Code No. 2024-017, 2023-012, 2022-009, 2021-015)

RECOMMENDATION

We recommend the University:

- At least annually, assess each location accepting credit card payments and match the method of acceptance to the appropriate SAQ and complete the appropriate SAQ(s) for its environment and maintain documentation.
- Validate merchants for all elements of its cardholder data environment verifying PCI DSS compliance.
- Provide annual security training to employees involved in the processing of cardholder data.
- Maintain an agreement with each service provider which requires the service provider to ensure validated PCI compliance for the services/solutions being provided.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University continues its compliance efforts with each merchant individually, including the migration of a second merchant to a Point-to-Point Encryption solution with a third planned, easing the completion of the requisite SAQs. The University is considering options to help bring select merchants into compliance, including the possibility of engaging a third-party provider to assist with PCI-DSS compliance. In addition to mandatory annual cybersecurity awareness training, the University has established basic training for employees involved in the processing of card payments and is implementing it on a per-merchant basis.

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2024

A. **FINDING** (Inadequate Controls over Payroll Expenditures and Noncompliance with Allowable Costs & Cost Principles Requirements Applicable to the Head Start Cluster)

During the prior examination, Governors State University (University) did not have adequate controls over payroll expenditures and did not comply with the allowable costs and cost principles requirements applicable to the Head Start Cluster.

During the current examination, the University implemented controls over payroll expenditures, including semi-annual reconciliation of time and effort information against payroll reports. Further, the University redesigned its time and effort collection form to show 100% distribution of work. Current year allowable costs and cost principles testing did not identify any issues. (Finding Code No. 2023-004)

B. **FINDING** (Failure to File Real Property Status Report)

During the prior examination, Governors State University (University) failed to submit the required annual real property status report (SF-249).

During the current examination, our testing noted the University filed its calendar year 2023 SF-429 report. (Finding Code No. 2023-005)