

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY**

*Federal Single Audit (In Accordance with Single Audit Act
and Applicable Federal Regulations)*

For the Year Ended June 30, 2023
Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

**State of Illinois
Illinois State University**

**Federal Single Audit
In Accordance with the Single Audit Act and Applicable Federal Regulations
For the Year Ended June 30, 2023**

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Other Reports Issued Under a Separate Cover

The Illinois State University's financial statements and State Compliance Examination for the year ended June 30, 2023, were issued under separate covers. Additionally, in accordance with *Government Auditing Standards*, we have issued the Report Required Under *Government Auditing Standards* for the year ended June 30, 2023, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, under a separate cover. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

**State of Illinois
Illinois State University**

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University Officials

Interim President (02/17/23– present)	Dr. Aondover Tarhule
President (07/01/22 – 02/14/23)	Dr. Terri Goss Kinzy
Vice President for Finance and Planning	Mr. Dan Stephens
Acting Vice President for Academic Affairs and Provost (02/17/23 - present)	Dr. Ani Yazedjian
Vice President for Academic Affairs and Provost (07/01/22 – 02/17/23)	Dr. Aondover Tarhule
Vice President for Student Affairs	Dr. Levester Johnson
Vice President for University Advancement	Mr. Pat Vickerman
Comptroller	Mr. Doug Schnittker
Legal Counsel	Ms. Jeannie Barrett
Director – Internal Audit	Mr. Robert Blemler

Officers of the Board of Trustees

Chair of the Board (02/10/23 – Present)	Dr. Kathryn Bohn
Chair of the Board (07/01/22 – 02/09/23)	Dr. Mary Ann Louderback
Secretary of the Board (02/10/23 – Present)	Dr. Robert Navarro
Secretary of the Board (07/01/22 – 02/09/23)	Dr. Kathryn Bohn

Members of the Board of Trustees

Member	Dr. Kathryn Bohn
Member	Dr. Robert Navarro
Member	Ms. Julie Annette Jones
Member (02/10/23 – Present)	Mr. Scott Jenkins
Member (07/01/22 – 02/09/23)	Dr. Mary Ann Louderback
Member (02/10/23 – Present)	Dr. Lia Merminga
Member (07/01/22 – 02/09/23)	Mr. Robert Dobski
Member (06/16/23 – Present)	Mr. Darren Tillis
Member (07/01/22 – 07/22/22)	Mr. Rocky Donohue
Member (11/30/22 – Present)	Vacant
Member (08/08/22 – 11/29/22)	Mr. Anthony Byrd
Student Member (08/08/22 – Present)	Mr. Aselimhe Ebikhumi
Student Member (07/01/22 – 08/07/22)	Vacant

Office Location

The University's primary administrative offices are located at:
Hovey Hall
Campus Box 1100
Normal, Illinois 61790-1100

**State of Illinois
Illinois State University**

**Federal Single Audit
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Federal Compliance Report

Summary

The compliance testing performed during this audit of the Illinois State University (University) was conducted in accordance with the Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Guidance Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance)*, and *Government Auditing Standards*.

Auditor’s Report

The Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and the Schedule of Federal and Nonfederal Activity does not contain scope limitations, disclaimers, or other significant non-standard language.

Summary of Findings

Number of	Current Report	Prior Report
Findings	4	3
Repeated findings	1	2
Prior recommendations implemented or not repeated	2	0

Schedule of Findings

Item No.	Page	Last/First Reported	Description	Finding Type
Findings (Government Auditing Standards)				
2023-001	11	2022/2018	Information Security Weaknesses	Material Weakness
2023-002	13	New	Lack of Adequate Controls over the Review of Internal Controls over Service Providers	Material Weakness
2023-003	15	New	Weakness in Change Control	Material Weakness

**State of Illinois
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**Federal Single Audit
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Item No.	Page	Last/First Reported	Description	Finding Type
Current Findings – Federal Compliance				
2023-004	16	New	Inaccurate Reporting of Federal Expenditures on the Schedule of Expenditures of Federal Awards	Significant deficiency and noncompliance
Prior Findings Not Repeated				
A	17	2022/2020	Inadequate Internal Controls over Census Data	
B	17	2022/2022	Improper Calculation of Net Investment in Capital Assets	

Exit Conference

The University waived an exit conference for the Federal Compliance OMB Uniform Guidance audit in a correspondence from Ms. Erika Jones, Assistant Comptroller, on March 7, 2024. The response to the finding was provided by Ms. Erika Jones, Assistant Comptroller, in a correspondence dated March 7, 2024.

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Illinois State University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of the Illinois State University (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated February 7, 2024, which contained emphasis of matter paragraphs regarding the implementation of Governmental Accounting Standards Board's Statement No. 96, *Subscription-Based Information Technology Arrangements*, as well as one of the component units ceasing operations. Our report includes a reference to other auditors who audited the financial statement of the Illinois State University Foundation and INTO Illinois State University, LLC, as described in our report on the University's financial statements. The report does not include the results of the other audits' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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, misstatement on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* 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.

Honorable Frank J. Mautino
Auditor General
State of Illinois
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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 identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

University's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Decatur, Illinois
March 18, 2024



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Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and the Schedule of Federal and Nonfederal Financial Activity

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Illinois State University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

As Special Assistant Auditors for the Auditor General, we have audited the Illinois State University's (University) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

The University's basic financial statements include the operations of the Illinois State University Foundation and INTO Illinois State University, LLC, which are not included in the University's Schedule of Expenditures of Federal Awards during the year ended June 30, 2023. Our audit, as described did not include the operations of these component units because the component units did not expend federal funding during the year ended June 30, 2023.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Instance of Noncompliance

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-004. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the noncompliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Corrective Action Plan

The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as described below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompany Schedule of Findings and Questioned Costs as item 2023-004 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Honorable Frank J. Mautino
Auditor General
State of Illinois
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Internal Control Finding

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the internal control over compliance finding identified in our audit described in the accompanying Schedule of Findings and Questioned Costs. The University's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Corrective Action Plan

The University is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The University's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and the Schedule of Federal and Nonfederal Activity

We have audited the financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of the University as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We have issued our report thereon dated February 7, 2024, which contained unmodified opinions on those financial statements. That report included emphasis of matter paragraphs regarding the implementation of Governmental Accounting Standards Board's Statement No. 96, *Subscription-Based Information Technology Arrangements*, as well as one of the component units ceasing operations. Our report was modified to include a reference to other auditors. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. In addition, the accompanying schedule of federal and nonfederal financial activity is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the schedule of federal and nonfederal financial activity is fairly stated in all material respects in relation to the basic financial statements as a whole.

SIGNED ORIGINAL ON FILE

Decatur, Illinois
March 18, 2024

**State of Illinois
Illinois State University**

**Schedule of Findings and Questioned Costs
Summary of Auditor's Results
For the Year Ended June 30, 2023**

Financial Statements

The type of report the auditor issued on whether the financial statements audited were prepared in accordance GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to the financial statements noted Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 C.F.R. § 200.516(a)? Yes No

Identification of major federal programs:

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.364	Student Financial Assistance Cluster
84.425C, 84.425D	COVID-19; Education Stabilization Fund
93.247	Advanced Nursing Education Workforce Grant Program
93.575	Child Care and Development Block Grant
17.258	WIOA Adult Program

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as a low-risk auditee? Yes No

**State of Illinois
Illinois State University**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Current Findings – Government Auditing Standards

Finding 2023-001 Information Security Weaknesses

The Illinois State University (University) had multiple computer security weaknesses.

The University relies on its computing environment for maintaining several critical, sensitive, and/or confidential systems used to meet its mission.

During testing of University information technology controls, we noted the University:

- Had not developed access provisioning policies documenting the internal controls for all environments and applications.
- Had not developed a policy documenting requirements for an annual review of users' access.
- Had not conducted a review of users' access.
- Had not developed a policy documenting the review of security violation reports to ensure remediation is timely conducted.

In order to determine if proper security controls had been implemented across the University's environment, we requested a population of servers. Although the University provided a population, documentation demonstrating its completeness and accuracy was not provided. Due to these conditions, we were unable to conclude the University's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AT-C § 205). Even given the population limitations, we tested the population of servers, noting the University could not provide documentation demonstrating the antivirus and operating system were running the vendors' latest versions.

In addition, our testing noted the University had not:

- Conducted security assessments over its environment.
- Ensured all security operations were properly configured.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Access Control and Configuration Management sections require entities to maintain proper internal controls over access and security of their environment, applications and data.

Also, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

University officials indicated the IT functions and resources are highly distributed across the institution which require considerably more time to change and improve. University officials also indicated IT is limited in capacity to fully organize the remediation efforts within the portfolio of work efforts required of IT across the institution.

**State of Illinois
Illinois State University**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Finding 2023-001 Information Security Weaknesses (continued)

Inadequate controls over changes to the University's environment, applications and data could lead to unauthorized access, unauthorized changes and security risks to its environments, applications and related data. Also, due to the severity of the weaknesses noted, we were unable to rely upon the general IT controls over the environments and applications. (Finding Code No. 2023-001, 2022-002, 2021-002, 2020-003, 2019-001, 2018-002)

Recommendation

We recommend the University implement adequate security, including:

- Approving the updated policies and procedures to (1) reflect the University's current environment and (2) address future changes in processes and new systems; and
- Documenting, during formal user access reviews, the appropriateness of each user's access to the University's applications for all departments;

Additionally, we recommend the University strengthen its controls to maintain a complete and accurate population of servers, update their servers with the vendors' latest versions of antivirus and operating systems, conduct security assessments over its environment, and ensure all security operations are properly configured.

University Response

The University agrees and understands that many of the issues identified are localized to specific departments rather than systemic across the organization. In response, we are committed to developing a comprehensive corrective action plan that addresses each identified issue promptly and effectively. This plan will include targeted strategies for the departments in question, ensuring that we uphold the highest standards of operation and security consistently across our institution.

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Illinois State University**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

**Finding 2023-002 Lack of Adequate Controls over the Review of Internal Controls over
Service Providers**

The Illinois State University (University) did not implement adequate internal controls over its service providers.

We requested the University provide a population of their service providers utilized in order to determine if the University had reviewed the internal controls of its service providers. However, the University was not able to provide such a population. Additionally, we noted the University had not developed policies and procedures to ensure their due diligence and monitoring of their service providers. Furthermore, the University did not obtain System and Organization Control (SOC) reports to ensure the internal controls at the service providers had been implemented and were operating effectively.

Due to these conditions, we were unable to determine if the internal controls of the service providers were adequate, and we were required to perform alternative procedures.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their information technology environment or operations to obtain assurance over the entities' internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

Also, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

University officials indicated that the various functions for holistic service provider management are distributed across various departments without a unifying strategy at this time.

Without having obtained and reviewed SOC reports or another form of independent internal control review, the University does not have assurance the service providers' internal controls are adequate and operating effectively. (Finding Code No. 2023-002)

Recommendation

We recommend the University implement controls to maintain a list of all of their service providers and determine and document if a review of the service providers' internal controls were performed, if required.

Additionally, we recommend the University:

- Obtain SOC reports or perform independent reviews of internal controls for all service providers.
- Monitor and document the operation of the CUECs relevant to the University's operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.
- Document its review of the SOC 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.

**State of Illinois
Illinois State University**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

**Finding 2023-002 Lack of Adequate Controls over the Review of Internal Controls over
Service Providers (continued)**

University Response

The University agrees and understands that while our procedures and practices are effective in their defined scope, there is a need for formalized institution-wide policy to ensure consistency in all environments. In response, we are committed to developing a comprehensive corrective action plan that results in the development and implementation of change management governance.

**State of Illinois
Illinois State University**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Finding 2023-003 Weaknesses in Change Control

The Illinois State University (University) did not maintain adequate internal controls over changes to its environment, applications and data.

The University had not developed a change management policy documenting the internal controls over changes to its environment, applications and data. In addition, the University had not implemented a formal Change Management Board.

Further, the approval for changes, including emergency changes, prior to being implemented into production was not maintained.

Lastly, the University was unable to provide documentation demonstrating the population of system developers and individuals with administrative rights was complete and accurate. Due to these conditions, we were unable to conclude the University's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AT-C § 205). Even given the noted limitations, we tested the system developers and individuals with administrative rights, noting no exceptions.

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), Configuration Management section, require entities to maintain proper internal controls over the changes to the environment, applications and data.

Also, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

University officials indicated the lack of recent review and assessment of change management procedures and practices resulted in the noted gaps developing.

Inadequate controls over changes to the University's environment, applications and data could lead to unauthorized access, unauthorized changes and security risks to its environments, applications and related data. Also, due to the severity of the weaknesses noted, we were unable to rely upon the general IT control over the environments and applications. (Finding Code No. 2023-003)

Recommendation

We recommend the University implement adequate policies and procedures over changes to the University's environment, applications and data. We also recommend the University maintain documentation that changes are properly approved prior to implementation.

Further, we recommend the University strengthen its controls in maintaining a population of system developers and individuals with administrative rights.

University Response

The University agrees and understands that while our procedures and practices are effective in their defined scope, there is a need for formalized institution-wide policy to ensure consistency in all environments. In response, we are committed to developing a comprehensive corrective action plan that results in the development and implementation of change management governance.

**State of Illinois
Illinois State University**

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Current Findings – Federal Compliance

Finding 2023-004 Inaccurate Reporting of Federal Expenditures on the Schedule of Expenditures of Federal Awards

Condition: Illinois State University (University) did not have an adequate process in place to prepare and review its Schedule of Expenditures of Federal Awards (SEFA), prior to providing it to the auditors.

The University provided us their final SEFA on September 27, 2023. On February 27, 2024, the University informed us their SEFA did not include ten federal programs with expenditures during the fiscal year totaling \$3,556,085.

Criteria: According to 2 CFR 200.510(b), a recipient of Federal awards is required to prepare a SEFA for the period covered by the entity's financial statement which must include the total Federal awards expended. At a minimum, the schedule must include (1) a list of individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs and provide the applicable Federal agency name; (2) for Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included; (3) provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings Number is not available; (4) include the total amount provided to subrecipient from each Federal program; and (5) include notes that describe the significant accounting policies used in preparing the schedule.

In addition, 2 CFR 200.303 requires non-Federal entities to, among other things, establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure expenditures are properly reported on the schedule of expenditures of Federal awards.

Cause: University officials indicated the review process in place did catch the missing items, however not prior to providing the SEFA to the auditors for their testing.

Effect: Failure to accurately and timely report federal expenditures on the SEFA could result in the auditors not being able to properly determine the major programs that would be required to be audited in accordance with the Uniform Guidance and resulted in noncompliance with federal regulations.

Repeat Finding: N/A

Recommendation

We recommend the University review its current process for preparing the SEFA and implement the necessary procedures to ensure the SEFA is prepared timely and accurately in accordance with the Uniform Guidance.

University Response

The University agrees with the finding. The University will revise the timing of internal reviews to provide an accurate final SEFA to auditors in a timely manner. All agreements, including intergovernmental agreements and federal contracts for services will be included in the institutional reports used to construct the schedule to aid in timely reporting.

**State of Illinois
Illinois State University**

**Schedule of Prior Findings Not Repeated
For the Year Ended June 30, 2023**

Prior Findings Not Repeated

A. Finding – Inadequate Internal Controls over Census Data

During the prior engagement, the Illinois State University (University) did have inadequate internal controls over census data. (Finding Code No. 2022-001, 2021-001, 2020-001)

Status: Implemented

During the current engagement, no errors with significant financial impact were noted and the errors noted will be considered in the state compliance examination.

B. Finding – Improper Calculation of Net Investment in Capital Assets

During the prior engagement, the Illinois State University (University) did not properly report net investment in capital assets. (Finding Code No. 2022-003)

Status: Implemented

During the current engagement, the auditors' testing did not identify any instances where the University failed to properly report net investment in capital assets.

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
STUDENT FINANCIAL ASSISTANCE CLUSTER				
U.S. Department of Education				
Federal Supplemental Educational Opportunity Grants	(M) 84.007		\$ 793,195	\$ -
Federal Work-Study Program	(M) 84.033		684,833	-
Federal Perkins Loan Program - Beginning Loan Balance	(M) 84.038		4,171,011	-
Federal Pell Grant Program	(M) 84.063		28,908,367	-
Federal Direct Student Loans	(M) 84.268		82,526,261	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	(M) 84.379		<u>451,882</u>	<u>-</u>
Total U.S. Department of Education Student Financial Assistance Cluster			<u>117,535,549</u>	<u>-</u>
U.S. Department of Health and Human Services				
Nursing Student Loans, Beginning Loan Balance	(M) 93.364		650,725	-
Nursing Student Loans, New Loans	(M) 93.364		138,284	-
Total U.S. Department of Health and Human Services	Total 93.364		<u>789,009</u>	<u>-</u>
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			<u>118,324,558</u>	<u>-</u>
RESEARCH & DEVELOPMENT CLUSTER				
U.S. Department of Agriculture				
Agriculture and Food Research Initiative (AFRI)	10.310		158,565	88,913
Agriculture and Food Research Initiative (AFRI) (Passed through University of Illinois Urbana Champaign)	10.310	086926-16471, 107651-18813	35,567	-
Agriculture and Food Research Initiative (AFRI) (Passed through Southern Illinois University Edwardsville)	10.310	107651-18813	12,905	-
Agriculture and Food Research Initiative (AFRI) (Passed through Western Illinois University)	10.310	2019-69012-29851-01	236,251	-
Agriculture and Food Research Initiative (AFRI) (Passed through University of Minnesota)	10.310	H007164901	111,263	-
Agriculture and Food Research Initiative (AFRI) (Passed through Purdue University)	10.310	F9000315202078	34,181	-
Total R&D 10.310			<u>588,732</u>	<u>88,913</u>
Capacity Building for Non-Land Grant Colleges of Agriculture (NLGCA)	10.326		9,367	3,510
Environmental Quality Incentives Program (Passed through University of Illinois Urbana Champaign)	10.912	103926-18436	15,416	-
Total U.S. Department of Agriculture			<u>613,515</u>	<u>92,423</u>

**STATE OF ILLINOIS
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
Department of Defense GenCyber Grant Programs Total National Security Agency	12.903		\$ 154,661 <u>154,661</u>	\$ - <u>-</u>
U.S. Department of the Interior Endangered Species Recovery Program Total U.S. Department of the Interior	15.657		35,965 <u>35,965</u>	- <u>-</u>
U.S. Geological Survey National Cooperative Geologic Mapping Program Total U.S. Geological Survey	15.810		23,922 <u>23,922</u>	- <u>-</u>
National Endowment for the Arts Promotion of the Arts Grants to Organizations and Individuals Total National Endowment for the Arts	45.024		26,811 <u>26,811</u>	- <u>-</u>
National Endowment for the Humanities Grants to States (Passed through the Illinois State Library) Total National Endowment for the Humanities	45.310	22-5188-RTR	11,476 <u>11,476</u>	- <u>-</u>
National Science Foundation Engineering Grants Mathematical and Physical Sciences Geosciences Computer and Information Science and Engineering Biological Sciences Biological Sciences (Passed through Texas Tech University) Total R&D 47.074	47.041 47.049 47.050 47.070 47.074 47.074	A20-0062-S001-A02	55,841 1,203,214 88,573 97,313 670,772 66,388 <u>737,160</u>	- - - - - - <u>-</u>
Education and Human Resources Education and Human Resources (Passed through Education Development Center, Inc.) Education and Human Resources (Passed through University of Detroit Mercy) Education and Human Resources (Passed through Illinois Wesleyan University) Education and Human Resources (Passed through Donald Danforth Plant Science Center) Total National Science Foundation	47.076 47.076 47.076 47.076 47.076	2021-0122 211371-SUBISU 1742224-001 A23-0001-S001	794,133 41,631 18,929 322,961 236,869 <u>1,414,523</u> <u>3,596,624</u>	246,900 - - - 23,252 <u>270,152</u> <u>270,152</u>
U.S. Department of Energy Office of Science Financial Assistance Program Total U.S. Department of Energy	81.049		2,286,398 <u>2,286,398</u>	1,971,224 <u>1,971,224</u>

**STATE OF ILLINOIS
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
U.S. Department of Education				
Special Education Grants to States (Passed through Illinois State Board of Education)	84.027	26-4630-CC	\$ 46,756	\$ -
Supporting Effective Educator Development Program Education Stabilization Fund (Passed through Illinois State Board of Education)	84.423		856,122	771,519
Education Stabilization Fund (Passed through Illinois State Board of Education)	84.425A	23-4998-E3	133,728	-
Education Stabilization Fund (Passed through Illinois State Board of Education)	84.425D	22&23TUTORIPO-ISU	1,975,176	-
Total U.S. Department of Education			<u>3,011,782</u>	<u>771,519</u>
U.S. Department of Health and Human Services				
Area Health Education Centers (Passed through University of Illinois at Chicago)	93.107	16930, 19250	77,337	-
Mental Health Research Grants (Passed through Michigan State University)	93.242	RC113523IU	5,570	-
Nurse Education, Practice Quality and Retention Grants	93.359		117,977	94,421
Cardiovascular Diseases Research	93.837		2,243	-
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		34,798	-
Extramural Research Programs in the Neurosciences and Neurological Disorders (Passed through University of Michigan)	93.853	SUBK00008389	438	-
Allergy and Infectious Diseases Research	93.855		184,440	-
Allergy and Infectious Diseases Research (Passed through University of Georgia)	93.855	SUB00003065	26,871	-
Total R&D 93.855			<u>211,311</u>	<u>-</u>
Biomedical Research and Research Training	93.859		444,535	-
Aging Research	93.866		142,009	-
Aging Research (Passed through Emory University)	93.866	A062507	12,346	-
Total R&D 93.866			<u>154,355</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>1,048,564</u>	<u>94,421</u>
US Fish and Wildlife	Unknown		1,320	-
TOTAL RESEARCH & DEVELOPMENT CLUSTER			<u>10,811,038</u>	<u>3,199,739</u>
CHILD NUTRITION CLUSTER				
U.S. Department of Agriculture				
National School Lunch Program Child & Adult Care Food (Passed through Illinois State Board of Education)	10.555	4210	43,761	-
National School Lunch Program Child & Adult Care Food (Passed through Illinois State Board of Education)	10.649	4210	628	-
Child and Adult Care Food Program (Passed through Illinois State Board of Education)	10.558	4226	5,084	-
Total U.S. Department of Agriculture			<u>49,473</u>	<u>-</u>
TOTAL CHILD NUTRITION CLUSTER			<u>49,473</u>	<u>-</u>

STATE OF ILLINOIS
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
WIOA CLUSTER				
U.S. Department of Labor				
WIOA Adult Program	(M) 17.258		\$ 279,210	\$ 19,590
WIOA Youth Activities	(M) 17.259		296,351	20,793
WIOA Dislocated Workers Formula Grants	(M) 17.278		<u>350,857</u>	<u>24,617</u>
Total U.S. Department of Labor			<u>926,418</u>	<u>65,000</u>
TOTAL WIOA CLUSTER			<u>926,418</u>	<u>65,000</u>
SPECIAL EDUCATION CLUSTER (IDEA)				
U.S. Department of Education				
Special Education Grants to States (Passed through Illinois State Board of Education)	84.027	22-IDEAD-4630-AS	648,898	-
Special Education Grants to States (Passed through Illinois State Board of Education)	84.027	22-IDEAD-4630-LA	<u>28,168</u>	<u>-</u>
Total U.S. Department of Education			<u>677,066</u>	<u>-</u>
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			<u>677,066</u>	<u>-</u>
TRIO CLUSTER				
U.S. Department of Education				
TRIO Student Support Services	84.042A		399,134	-
Total U.S. Department of Education			<u>399,134</u>	<u>-</u>
TOTAL TRIO CLUSTER			<u>399,134</u>	<u>-</u>
OTHER PROGRAMS				
U.S. Department of the Interior				
Save America's Treasures (Passed through National Park Service)	15.929	ST-252510-OMS-22	12,129	-
Total U.S. Department of the Interior			<u>12,129</u>	<u>-</u>
Library of Congress				
Teaching with Primary Sources	42.010		655,927	198,254
Total Library of Congress			<u>655,927</u>	<u>198,254</u>
U.S. Department of Education				
Adult Education - Basic Grants to States (Passed Through Illinois Community College Board)	84.002	ISU-LEAD-22	64,534	25,460
			<u>64,534</u>	<u>25,460</u>
Career and Technical Education - Basic Grants to States	84.048		278,391	-
Career and Technical Education - Basic Grants to States (Passed through Illinois State Board of Education)	84.048	CTE-ISU-22	86,171	-
Total Non R&D 84.048			<u>364,562</u>	<u>-</u>

**STATE OF ILLINOIS
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number (ALN)	Pass-Through Entity Identifying Number	Total Federal Expenditures	Provided to Subrecipients
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325K		\$ 210,760	\$ -
COVID 19 Education Stabilization Fund (Passed through Illinois Department of Commerce and Economic Opportunity)	(M) 84.425C	B4755	15,195	-
COVID 19 Education Stabilization Fund (Passed through Illinois Board of Higher Education)	(M) 84.425C	21GEERISU	572,969	-
COVID 19 Education Stabilization Fund (Passed through Illinois Board of Higher Education)	(M) 84.425C	601-GEE-2200-ISU	466,997	-
COVID 19 Education Stabilization Fund (Passed through Illinois Community College Board)	(M) 84.425C	LRC-ISU-ISCSPS	224,717	-
COVID 19 Education Stabilization Fund (Passed through Illinois Board of Higher Education)	(M) 84.425D	22&23TUTORCO-ISU	2,848,471	-
COVID 19 Education Stabilization Fund (Passed through Illinois State Board of Education)	(M) 84.425D	21-4998-DE-65-108-9010-80	4,014	-
		Total Non R&D 84.425	<u>4,132,363</u>	<u>-</u>
Total U.S. Department of Education			<u>4,772,219</u>	<u>25,460</u>
U.S. Department of Health and Human Services				
Advanced Nursing Education Workforce Grant Program	(M) 93.247		778,661	-
Child Care and Development Block Grant	(M) 93.575		770,107	-
Child Care and Development Block Grant (Passed through Illinois Community College Board)	(M) 93.575	ECE-ISU-ICSPS-23	8,372	-
		Total Non R&D 93.575	<u>778,479</u>	<u>-</u>
Permanency Enhancement Project (Passed through Illinois Department of Children and Family Services)	Unknown	59-20277	54,954	12,000
Total U.S. Department of Health and Human Services			<u>1,612,094</u>	<u>12,000</u>
U.S. Department of Labor				
H-1B Job Training Grants (Passed through Illinois Community College Board)	17.268	AG-ISU-23	26,000	-
Total U.S. Department of Labor			<u>26,000</u>	<u>-</u>
Corporation for National and Community Service				
AmeriCorps (Passed through Western Illinois University)	94.006	FCSBY06633-01	27,893	-
Total Corporation for National and Community Service			<u>27,893</u>	<u>-</u>
TOTAL OTHER PROGRAMS			<u>7,106,262</u>	<u>235,714</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 138,293,949</u>	<u>\$ 3,500,453</u>

(M) - Program was audited as a major Program

**State of Illinois
Illinois State University**

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity for the year ended June 30, 2023, and is presented on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The information in this schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University. The University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2: Loans Outstanding at Fiscal Year-Ended

The University had the following loan balances outstanding at June 30, 2023, for programs that are administered directly. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the schedule of federal awards.

	Outstanding Balance at June 30, 2023
Nursing Student Loans, ALN 93.364	\$ 656,630
Perkins Loan Program, ALN 84.038	<u>2,524,472</u>
Total loans outstanding	<u>\$ 3,181,102</u>

There were no administrative costs charged to the Perkins Loan Program. The Federal Perkins Program was ended on September 3, 2017, with final allowable disbursements being made on June 30, 2018.

Note 3: Total New Federal Student Loans

During the audit period, the University processed the following amounts of new loans under the Federal Direct Student Loans Program:

	Outstanding Balance at June 30, 2023
Direct Student Loans Program, ALN 84.268	\$ 58,203,511
Direct Parent Loan for Undergraduate Students program (PLUS), ALN 84.268	<u>24,322,750</u>
Total	<u>\$ 82,526,261</u>

**State of Illinois
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**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

There were no administrative costs charged to the loan program. During the fiscal year ended June 30, 2023, the University issued new loans under the Federal Direct Student Loan Program (FDLP). The loan program includes subsidized and unsubsidized Stafford Loans and PLUS Loans for undergraduate and graduate students. The value of the loans issued for the FDLP is based on disbursed amounts. The University is responsible only for the performance of certain administrative duties with respect to federally guaranteed student loan programs and, accordingly, balances and transactions related to these loan programs and not included in the University's financial statements. Therefore, it is not practicable to determine the balance of loans outstanding to students and former students of the University as of June 30, 2023.

Note 4: Insurance Disclosure

During the audit period, there was no federally funded insurance in effect.

Note 5: Depository Library

The University's Milner Library services as a depository in the U.S. Government Publishing Office's Federal Depository Library Program (ALN 40.001, Depository Libraries for Government Publications). The University is the legal custodian of government publications received under this program; however, these publications remain the property of the federal government.

**State of Illinois
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**Schedule of Federal and Nonfederal Financial Activity
For the Year Ended June 30, 2023**

Schedule A: Federal Financial Component

Total federal expenditures ¹	\$ 138,293,949
Other noncash federal award expenditures (not included on SEFA schedule)	<u>-</u>
Total Schedule A	<u>\$ 138,293,949</u>

Schedule B: Total Financial Component

Total operating expenses ²	\$ 567,699,283
Total nonoperating expenses ²	5,901,456
Federal loan balances: ^{1,4}	
Federal Perkins Loans Program	4,171,012
Nursing Student Loans	650,724
Total value of new federal loans: ^{1,5}	
Nursing Student Loans	138,284
Federal Direct Student Loans	<u>82,526,261</u>
Total Schedule B	<u>\$ 661,087,020</u>

Schedule C: Computation of Nonfederal Expenses

		<u>Percent</u>
Total, Schedule B	\$ 661,087,020	100.00%
Total, Schedule A	<u>138,293,949</u>	<u>20.92%</u>
Total nonfederal expenses	<u>\$ 522,793,071</u>	<u>79.00%</u>

¹ Obtained from the Schedule of Expenditures of Federal Awards

² Obtained from the Statement of Revenues, Expenses, and Changes in Net Position

⁴ Balance at the beginning of the fiscal year with continuing compliance requirements

⁵ Balance of loans issued during the fiscal year