



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

CHICAGO STATE UNIVERSITY

State Compliance Examination
 For the Year Ended June 30, 2021

Release Date: June 22, 2022

FINDINGS THIS AUDIT: 10	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2020	21-03	21-01, 21-02, 21-04, 21-05, 21-07, 21-09, 21-10	
Category 2:	1	8	9	2016		21-06	
Category 3:	0	0	0				
TOTAL	1	9	10				
FINDINGS LAST AUDIT: 14							

INTRODUCTION

This digest covers the Compliance Examination of Chicago State University (University) for the year ended June 30, 2021. Separate digests covering the University’s Financial Audit and Single Audit were separately released. In total, this report contains ten findings, five of which were reported in the Financial Audit and Single Audit.

SYNOPSIS

- (21-06) The University did not have adequate controls over its contractual service expenditures.
- (21-07) The University did not conduct adequate independent internal control reviews over its service providers’ System and Organization Controls (SOC) reports.
- (21-08) The University did not fully comply with the requirements of the Chicago State University Law regarding flexible hours positions.

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

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

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

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

COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES (Unaudited)	2021	2020
INCOME FUND REVENUES		
Tuition.....	\$ 21,760,073	\$ 25,276,143
Fines and other student charges.....	243,077	256,374
Interest.....	14,981	281,723
Other.....	260,494	247,922
Total Revenues.....	<u>22,278,625</u>	<u>26,062,162</u>
INCOME FUND EXPENDITURES		
Personal services.....	7,375,400	9,349,327
Contractual services.....	11,376,561	12,188,157
Travel.....	15,219	107,240
Commodities.....	611,137	925,582
Library books and equipment.....	127,265	483,314
Operation of automotive equipment.....	35,997	44,722
Telecommunications.....	645,080	569,824
Awards, grants, and matching funds.....	57,100	-
Social Security/Medicare and retirement.....	740,434	1,016,752
Permanent improvements.....	42,923	415,345
Tuition and fees waived.....	1,668,593	3,487,068
Other.....	30,500	177,250
Total Expenditures.....	<u>22,726,209</u>	<u>28,764,581</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES...	<u>\$ (447,584)</u>	<u>\$ (2,702,419)</u>
SUPPLEMENTAL INFORMATION (Unaudited)	2021	2020
Employment Statistics		
Faculty	224	237
Academic Professionals.....	49	50
Support Staff.....	362	380
Other.....	54	209
Total Employees.....	<u>689</u>	<u>876</u>
Cost Per Student		
Cost Per Full-Time Equivalent Student.....	<u>\$ 23,870</u>	<u>\$ 8,477</u>
UNIVERSITY PRESIDENT		
During Examination Period: Ms. Zalwaynaka Scott, Esq.		
Currently: Ms. Zalwaynaka Scott, Esq.		

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

INADEQUATE CONTROLS OVER CONTRACTUAL SERVICES EXPENDITURES

The University did not have adequate controls over its contractual service expenditures.

During our review of 25 contracts (totaling \$1,451,591), including purchase orders, executed during the fiscal year ended June 30, 2021, we noted the following:

A purchase was published in the Procurement Bulletin late.

- One exempt purchase (totaling \$50,000) was published in the Illinois Procurement Bulletin 63 days late.
- Three contracts (totaling \$138,380) were executed subsequent to the start date of the contracts. The contract execution dates ranged from 8 to 328 days from the commencement of services.

Contracts were not submitted timely to the Office of Comptroller

- Ten contracts (totaling \$892,838) were not submitted or submitted timely to the Office of Comptroller. Of the ten contracts, nine contracts (totaling \$842,838) were filed 1 to 190 days late and the remaining contract (totaling \$50,000) was not filed.
- The disclosure of financial interest statement for one contract (totaling \$76,500) was obtained 426 days after the execution of the contract.

A contract did not obtain three price quotes

- One contract (totaling \$38,380) was not supported by three price quotes from vendors on the University's bidders list.

A contract was not properly approved

- One contract (totaling \$260,000) was not properly approved. One signatory, who approved the contract, did not complete and file a Contract Signature Authorization Form (Form SCO-470) with the Office of Comptroller.

Did not maintain a population of interagency agreements

- The University indicated there were no interagency agreements in effect during the examination period, however, throughout testing of University contracts, interagency agreements were discovered. Due to these conditions, we were unable to conclude whether the University's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.35) to test the

University's interagency agreements. (Finding 6, pages 24-26) **This finding has been repeated since 2016.**

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

University agreed with the auditors

University officials agreed with the recommendation and stated the University has created a monthly procurement training for staff and continue to update its procurement documentation and guidelines. University officials further stated purchasing activities that did not conform to established requirements would prompt engagement of senior campus leadership with noncompliant departments.

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

The University did not conduct adequate independent internal control reviews over its service providers' System and Organization Controls (SOC) reports.

During our testing of six service providers, we noted the following:

Did not assess service providers' CUEC

- Six (100%) SOC reports identified Complementary User Entity Controls (CUEC) necessary for the service provider's system which relies on the University to implement the CUECs in order to achieve the service providers' control objectives. The University did not perform an assessment to determine if it had implemented the CUECs for each service provider.

Did not assess the impact of subservice providers' internal controls to the University's control environment

- Five (83%) SOC reports identified subservice providers. The University did not perform additional assessments on the subservice providers to determine the impact to the University's internal control environment.

Did not assess the impact of service providers' deficiencies

- One (17%) SOC report had a qualified opinion due to deficiencies noted by the Service Auditor. The

University did not document the deviations and perform an analysis of the impact of those deviations on the University's internal control environment. (Finding 7, pages 27-29)

We recommended the University:

- Monitor and document the operation of the CUECs relevant to the University's operations; and
- Document the deviations noted on SOC reports and perform an analysis of the impact of those deviations on the University's internal control environment.

In addition, we recommended for SOC Reports with subservice providers, the University should:

- Either obtain and review a SOC report for each subservice provider or perform alternative procedures to satisfy the usage of each subservice provider would not impact the University's internal control environment; and,
- Document its review of the SOC reports and review all significant issues with each subservice provider to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the University, and any compensating controls.

University agreed with the auditors

University officials agreed with the recommendation and stated the University has obtained required SOC reports and initiated necessary steps for review and approval of the SOC reports.

NONCOMPLIANCE WITH THE CHICAGO STATE UNIVERSITY LAW

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

The University Board of Trustees (Board) established goals for flexible hours positions at the University. The Board passed a resolution in 2013 to achieve a goal of having 20% of its employees working on flexible schedules by 2016.

University did not track the flexible hours worked by the employees

During testing, we noted the University reached its 20% goal. However, the University did not track the flexible hours worked by the employees, thus the Board did not evaluate the effectiveness and efficiency of the flexible hours program. (Finding 8, page 30)

We recommended the University track employees' flexible hours and schedules to evaluate the effectiveness and efficiency of the program in compliance with the requirements of the Chicago State University Law.

University agreed with the auditors

University officials agreed with the recommendation and stated a plan to create a monitoring mechanism to track the flexible work schedule was in development and was expected to begin in fiscal year 2022. University officials also stated the monitoring would allow for assessing the effectiveness of the flexible hours program.

OTHER FINDINGS

The remaining findings pertain to weaknesses over computer security, change control weaknesses, inadequate internal controls over census data, lack of adherence to controls and noncompliance with requirement applicable to Education Stabilization Fund, inadequate controls over preparation of the Schedule of Expenditures of Federal Awards, weaknesses in cybersecurity programs and practices, and inadequate disaster recovery process. We will review the University's progress towards the implementation of our recommendations in our next engagement.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the University for the year ended June 30, 2021, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2021-003. Except for the noncompliance described in this finding, the accountants stated the University complied, in all material respects, with the requirements described in the report.

This State Compliance Examination was conducted by Roth & Company, LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

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

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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