

Chicago State University

**A COMPONENT UNIT OF THE
STATE OF ILLINOIS**

STATE COMPLIANCE EXAMINATION

**FOR THE YEAR ENDED
JUNE 30, 2021**

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

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2021

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UNIVERSITY OFFICIALS

President	Ms. Zaldwaynaka Scott, Esq.
Chief of Staff	Mr. Kim Tran
Interim Provost and V.P. for Academic Affairs	Dr. Leslie Roundtree
Interim General Counsel, Chief Compliance Officer and V.P. of Legal Affairs (01/18/21 - Present)	Mr. Walter Pryor
V.P., General Counsel and Chief Compliance Officer of Labor and Legal Affairs (10/31/20 - Present)	Vacant
V.P., General Counsel and Chief Compliance Officer of Labor and Legal Affairs (07/01/20 - 10/30/20)	Ms. Stephanie Kelly, Esq.
CFO and V.P. of Financial Operations (09/16/20 - Present)	Mr. Craig Duetsch
Acting CFO and V.P. of Financial Operations (07/01/20 - 09/15/20)	Mr. Larry Owens, CPA
Executive Director/Controller (07/01/21 - Present)	Ms. Rona Lagdamen, CPA
Interim Executive Director/Controller (07/01/20 - 08/31/21)	Mr. Larry Owens, CPA
Chief Internal Auditor	Ms. Natalie Covello

BOARD OF TRUSTEES

Chair	Ms. Andrea Zopp, Esq.
Vice Chair	Mr. Mark Schneider, Esq.
Secretary (07/30/21 - Present)	Ms. Angelique David
Member	Mr. Brian Clay, M.D.
Member	Mr. Cory Thames
Member	Vacant
Member	Vacant
Student Member (07/01/20 - 10/31/20)	Vacant
Student Member (11/01/20 - Present)	Ms. Essence Smart

UNIVERSITY OFFICE

The University's primary administrative office is located at:

9501 S. King Drive
Chicago, Illinois 60628



MANAGEMENT ASSERTION LETTER

May 31, 2022

Roth & Co., LLP
815 W. Van Buren Street, Suite 500
Chicago, Illinois 60607

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 Chicago 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, 2021. Based on this evaluation, we assert that during the year ended June 30, 2021, the University has materially complied with the specified requirements listed below.

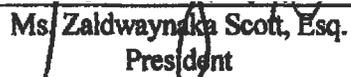
- A. The University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. Other than what has been previously disclosed and reported in the Schedule of Findings, 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,

Chicago State University

SIGNED ORIGINAL ON FILE


Ms. Zaldwaynaka Scott, Esq.
President

SIGNED ORIGINAL ON FILE


Mr. Craig Duetsch
CFO and V.P. of Financial
Operations

SIGNED ORIGINAL ON FILE


Mr. Walter Pryor
Interim General Counsel,
Chief Compliance Officer &
V.P. of Legal Affairs

CHICAGO STATE UNIVERSITY
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For the Year Ended June 30, 2021

STATE COMPLIANCE REPORT

SUMMARY

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

ACCOUNTANT’S REPORT

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies a material weakness over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	10	14
Repeated Findings	9	3
Prior Recommendations Implemented or Not Repeated	5	7

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2021-001	10	2020/2020	Weaknesses over Computer Security	Noncompliance and Significant Deficiency
2021-002	12	2020/2020	Change Control Weaknesses	Noncompliance and Significant Deficiency
2021-003	14	2020/2020	Inadequate Internal Controls over Census Data	Material Noncompliance and Material Weakness
2021-004	19	2020/2020	Lack of Adherence to Controls and Noncompliance with Requirements Applicable to the Education Stabilization Fund	Noncompliance and Significant Deficiency
2021-005	22	2020/2020	Inadequate Controls Over the Preparation of the Schedule of Expenditures of Federal Awards	Noncompliance and Significant Deficiency

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SCHEDULE OF FINDINGS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2021-006	24	2020/2016	Inadequate Controls over Contractual Services Expenditures	Noncompliance and Significant Deficiency
2021-007	27	2020/2020	Lack of Adequate Controls over Review of Internal Controls over Service Providers	Noncompliance and Significant Deficiency
2021-008	30	New	Noncompliance with the Chicago State University Law	Noncompliance and Significant Deficiency
2021-009	31	2020/2020	Weaknesses in Cybersecurity Programs and Practices	Noncompliance and Significant Deficiency
2021-010	33	2020/2020	Inadequate Disaster Recovery Process	Noncompliance and Significant Deficiency
Prior Findings Not Repeated				
A	35	2020/2019	Lack of Adherence to Controls and Noncompliance with Requirements Applicable to the Center for STEM Education and Research	
B	35	2020/2018	Completion and Retention of Employment Eligibility Verification Form	
C	35	2020/2020	Noncompliance with the Illinois Articulation Initiative Act	
D	35	2020/2020	Noncompliance with Higher Education Student Assistance Act	
E	35	2020/2020	Inaccurate Accounts Receivable and Locally Held Funds Reporting	

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EXIT CONFERENCE

The findings and recommendations in this report were discussed with University personnel at an exit conference on May 23, 2022.

Attending were:

Chicago State University

Ms. Zaldwanayka Scott, Esq., President

Mr. Walter Pryor, Interim General Counsel, Chief Compliance Officer and V.P. of Legal Affairs

Mr. Craig Duetsch, CFO and V.P. of Financial Operations

Ms. Natalie Covello, Chief Internal Auditor

Ms. Leslie Roundtree, Interim Provost and V.P. for Academic Affairs

Ms. Maya Moore, Legal Affairs and Audit Coordinator

Ms. Jimell Byrd-Reno, Special Assistant to the President

Office of the Auditor General

Mr. Reddy Bommareddi, CPA, CISA, Senior Audit Manager

Roth & Co, LLP

Ms. Leilani Rodrigo, CPA, CGMA, Partner

Ms. Marites Sy, CPA, CISA, CGMA, Partner

Ms. Darlene Dizon, CPA, Manager

Ms. Ivory Pineda, Supervisor

Ms. Joan Angeles, Associate

The responses to these recommendations were provided by Ms. Natalie Covello, Chief Internal Auditor, in correspondences dated April 26, 2022, April 27, 2022, and May 31, 2022.

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
Chicago State University

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by the Chicago 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, 2021. 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 modified opinion.

Our examination does not provide a legal determination on the University's compliance with the specified requirements.

Our examination disclosed material noncompliance with the specified requirement C applicable to the University during the year ended June 30, 2021. As described in the accompanying Schedule of Findings as item 2021-003, the University had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the University complied with the specified requirements during the year ended June 30, 2021, 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 2021-001, 2021-002, and 2021-004 through 2021-010.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as item 2021-003 to be a material weakness.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-001, 2021-002, and 2021-004 through 2021-010 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 31, 2022



CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-001. **FINDING** Weaknesses over Computer Security

The Chicago State University (University) did not maintain adequate controls over computer security.

The University had invested in computer hardware and systems and established several critical, confidential or financially sensitive systems for use in meeting its mission. However, the University did not have controls to ensure adequate security controls over their computing environment. During testing, we noted:

- Network user accounts were not periodically reviewed.
- Separated employees continued to have access to the domain.
- Encryption software was not consistently installed on laptops and workstations storing University data.
- Information Technology (IT) infrastructure was not secured properly.

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 section requires timely termination and periodic reviews of access rights along with installation of device encryption mechanisms to protect the confidentiality and integrity of information; System and Information Integrity section requires implementation of security protection mechanisms; and System and Services Acquisition section requires a properly secured infrastructure.

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.

University management indicated considerable progress had been made in applying systematic processes for system access and control of device locations, but they were not completed and fully implemented before the year-end. University management also indicated due to resource constraints the University was unable to secure the IT infrastructure.

Failure to have adequate security controls over computing resources increases the risk of unauthorized access to the computing environment and the risk that confidentiality, integrity, and availability of systems and data will be compromised. (Finding Code No. 2021-001, 2020-001)

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SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-001. **FINDING** Weaknesses over Computer Security (Continued)

RECOMMENDATION

We recommend the University:

- Review network accounts periodically.
- Timely remove the domain access of separated employees.
- Encrypt laptops and workstations that store, process, and contain confidential and sensitive information.
- Ensure the IT infrastructure is properly secured.

UNIVERSITY RESPONSE

The University concurs with the recommendation.

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For the Year Ended June 30, 2021

2021-002. **FINDING** Change Control Weaknesses

The Chicago State University (University) had weaknesses over change management.

We tested a sample of seven program changes made to the University's Enterprise Application Software, noting:

- Seven changes (100%) did not have a change request documented.
- Seven changes (100%) did not have evidence of approval prior to the development of the change.
- Seven changes (100%) were developed and deployed to the production environment by the same individual without maintaining adequate segregation of duties.
- Four changes (57%) did not have evidence of user acceptance testing and approval prior to deployment of the changes to the production environment.

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 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.

Additionally, the University's Change Management Process requires changes to be tracked via a Request for Change form and reviewed and approved prior to execution.

University management indicated an application for monitoring approvals was created but not fully implemented. University management also indicated the inadequate segregation of duties was due to lack of staffing.

Failure to control changes increases the risk of unauthorized or improper changes to computer systems. Inadequate segregation of duties in the computing environment increases the risk the confidentiality, integrity, and availability of data will be compromised. (Finding Code No. 2021-002, 2020-002)

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2021-002. **FINDING** Change Control Weaknesses (Continued)

RECOMMENDATION

We recommend the University comply with its Change Management Process, including the completion of Request for Change forms, approval of changes prior to development, and testing and approval of changes prior to implementation to production. In addition, we recommend adequate segregation of duties be observed to prevent the risk that unauthorized changes are moved to production.

UNIVERSITY RESPONSE

The University concurs with the recommendation.

CHICAGO STATE UNIVERSITY
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SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-003. **FINDING** Inadequate Internal Controls over Census Data

The Chicago State University (University) did not have adequate internal control over reporting its census data and did not have a reconciliation process 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 this 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 both 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. Finally, CMS' actuaries use census data for employees of the State's public universities provided by SURS along with census data for the other participating members which is provided by the State's four other pension plans to prepare the projection of the OPEB plan's liabilities.

During testing, we noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.

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For the Year Ended June 30, 2021

2021-003. **FINDING** Inadequate Internal Controls over Census Data (Continued)

Based on information we obtained while performing our audit, we learned these deficiencies are pervasive across the public universities participating in SURS and across the State's agencies participating in one of the other four State pension plans, the State Employees' Retirement System of Illinois. These conditions significantly increase the risk there could be errors at one or more employers within the plans, and these errors could have a significant impact on SURS' and CMS' measurement of pension and OPEB liabilities, respectively.

In addition, we noted errors within CMS' allocation of OPEB-related balances across the State's funds, public universities, and the Illinois State Toll Highway Authority related to a failure by CMS to account for a separately financed specific OPEB liability for certain groups of employees at one component unit of the State. The impact of these errors resulted in the University restating its beginning net position by \$5,534,631 as of July 1, 2020.

Based upon the significance of these issues alone, we concluded a material weakness exists within the University's internal controls related to ensuring both SURS and CMS can provide their respective actuaries with complete and accurate census data related to the University's active employees. Even given these exceptions, we performed detail testing of a sample of employees and certain data analysis tests of the total population of the University's census data transactions reported to SURS and did not note any additional exceptions.

For employers where their employees participate in plans with multiple-employer and cost-sharing features, the American Institute of Certified Public Accountants' *Audit and Accounting Guide: State and Local Governments* (AAG-SLG) (§ 13.177 for pensions and § 14.184 for OPEB) notes the determination of net pension/OPEB liability, pension/OPEB expense, and the associated deferred inflows and deferred outflows of resources depends on employer-provided census data reported to the plan being complete and accurate along with the accumulation and maintenance of this data by the plan being complete and accurate. To help mitigate against the risk of a plan's actuary using incomplete or inaccurate census data within similar agent multiple-employer plans, the AAG-SLG (§ 13.181 (A-27) for pensions and § 14.141 for OPEB) recommends an employer annually reconcile its active members' census data to a report from the plan of census data submitted to the plan's actuary, by comparing the current year's census data file to both the prior year's census data file and its underlying records for changes occurring during the current year.

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2021-003. **FINDING** Inadequate Internal Controls over Census Data (Continued)

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is a person who works for the University in a secretarial, mechanical, labor, clerical, educational, administrative, or other staff position which is either (a) permanent and continuous or (b) for a period of four months or an academic term, whichever is less, who is:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System;
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

Further, for CMS' OPEB plan, we noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

In addition, the Illinois Pension Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within

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2021-003. **FINDING** Inadequate Internal Controls over Census Data (Continued)

the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds. Additionally, the Act (5 ILCS 375/10) requires active employees to make contributions as set by CMS and the Act (5 ILCS 375/11) requires employer contributions by the University for all employees not totally compensated from its Income Fund, local auxiliary funds, and the Agricultural Premium Fund.

Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University 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 and statistical reports.

University management indicated the University continued to rely on manual reconciliation processes which were not fully adequate to ensure accuracy and consistency among SURS, CMS, and the records retained at the University.

Failure to reconcile active members' census data reported to and held by SURS to the University's internal records could result in SURS and CMS plans' actuaries relying on incomplete or inaccurate census data in the calculation of the pension and OPEB balances, which could result in a material misstatement of these amounts. In addition, the allocation error involving one component unit in the OPEB plan resulted in misstatements within each employer's allocation, which resulted in a restatement at the University. (Finding Code No. 2021-003, 2020-003)

RECOMMENDATION

We recommend the University work with SURS to annually reconcile its active members' census data from its underlying records to a report of census data submitted to SURS' actuary and CMS' actuary. After completing an initial full reconciliation, the University may limit the annual reconciliations 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.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-003. **FINDING** Inadequate Internal Controls over Census Data (Continued)

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University has been working with SURS and CMS to develop a reconciliation process. The University requested and received necessary employee data from SURS and Governor's State University and has acted accordingly on that information. Documentation and cross-training has also begun to improve processes, minimize errors, and provide a system of secondary review.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-004. **FINDING** Lack of Adherence to Controls and Noncompliance with Requirements Applicable to the Education Stabilization Fund

Federal Department:	U.S. Department of Education
Assistance Listing Numbers:	84.425C; 84.425E
Program Name:	Education Stabilization Fund - COVID-19 Governor’s Emergency Education Relief Fund; COVID-19 Higher Education Emergency Relief Fund - Student Aid Portion
Program Expenditures:	\$818,543; \$1,173,000
Award Numbers:	601-00-0459; P425E201661
Questioned Cost:	None

The Chicago State University (University) did not comply with the reporting requirements applicable to its Education Stabilization Fund for Higher Education Emergency Relief Fund (HEERF) Program and Governor’s Emergency Education Relief Fund (GEERF) Program.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted into Public Law 116-136. Section 18004(a)(1) of the CARES Act established the HEERF I program which authorizes the Secretary of Education (Secretary) to allocate funding to eligible institutions of higher education to prevent, prepare for, and respond to the coronavirus pandemic (COVID-19). Subsequently, additional grants from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act of 2021 (ARP) were received, establishing the HEERF II and HEERF III programs, respectively, to continuously support public and non-profit institutions and students.

As of June 30, 2021, the University received a total of \$6,020,886 under the HEERF Program - Student Aid Portion from the U.S. Department of Education (Department) - to provide students with emergency financial aid grants to help cover expenses related to the disruption of campus operations due to COVID-19, including eligible expenses under a student’s cost of attendance. The University also received a total of \$8,090,154 under the HEERF Program - Institutional Portion from the Department - to cover costs associated with significant changes in the delivery of instruction.

During review of the University’s compliance with the HEERF Program, we noted one of four (25%) quarterly public reports for the Student Aid Portion was not timely posted on the University’s website. Specifically, the report was posted 45 days late.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-004. **FINDING** Lack of Adherence to Controls and Noncompliance with Requirements Applicable to the Education Stabilization Fund (Continued)

The Department’s Notice of Public Posting Requirement of Grant Information for HEERF Grantees requires each HEERF participating institutions to post the following information on the institution’s primary website no later than 10 days after the end of each calendar quarter, unless the Secretary specifies an alternative method of reporting: 1) an acknowledgement that the institution signed and returned to the Department the Certification and Agreement attesting the institution has used, or intends to use, no less than 50 percent of the funds to provide grants to students; 2) the total amount of funds that the institution will receive or has received from the Department; 3) the total amount of grants distributed to students; 4) the estimated total number of students at the institution eligible to participate and receive the grant; 5) the total number of students who received the grant; 6) the methods used by the institution to determine which students received the grant and how much they would receive; and 7) any instructions or directions provided by the institution to students about the grant.

Also, the Code of Federal Regulations (Code) (2 C.F.R. §200.303 (a)) requires the University to establish and maintain effective internal control over the federal award to provide reasonable assurance the University 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 compliance with grant reporting requirements.

Further, during fiscal year 2021, the University received a total of \$1,344,622 under the GEERF Program from the Illinois Board of Higher Education (IBHE), to support the efforts to enroll and retain low income, underrepresented, and first-generation students. During our review of the University’s compliance with the GEERF program, we noted the following:

- Three of four (75%) quarterly reimbursement request reports were not submitted to IBHE within the required timeframe. Specifically, we noted the reports were submitted 11 to 213 days late.
- One of four (25%) quarterly deliverable reports was submitted to IBHE 91 days late.

The GEERF grant agreement between the University and IBHE requires the University to submit deliverable reports that contain at a minimum the (a) programmatic detail which supports the Project Description; (b) expenditure detail for the reporting period; and (c) report certification no later than one month after the end of each calendar quarter.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-004. **FINDING** Lack of Adherence to Controls and Noncompliance with Requirements Applicable to the Education Stabilization Fund (Continued)

University management indicated the exceptions were due to the lack of forecasting to ensure timely reporting.

Failure to comply with grant reporting requirements of the HEERF and GEERF Programs results in noncompliance with the CARES Act, grant agreements, and the Code and could jeopardize future federal funding. (Finding Code No. 2021-004, 2020-005)

RECOMMENDATION

We recommend the University implement controls to ensure timely posting of HEERF grant reporting requirements on the University website and timely submission of GEERF program reports to IBHE.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University is implementing controls to ensure timely posting of the HEERF reports on the University website and timely submission of the GEERF reports to IBHE.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-005. **FINDING** Inadequate Controls Over the Preparation of the Schedule of Expenditures of Federal Awards

Federal Department:	National Science Foundation
Assistance Listing Numbers:	47.049; 47.076
Program Names:	Mathematics and Physical Sciences Intergovernmental Personnel Act (IPA) Assignment Education and Human Resources Pilot Regional Louis Stokes Center: Midwest Center of Excellence
Program Expenditures:	\$107,725; \$97,293
Award Numbers:	2040402; 1911341
Questioned Cost:	None

The Chicago State University (University) did not have adequate controls to ensure the Schedule of Expenditures of Federal Awards (SEFA) was accurately prepared.

The University provided its SEFA to the auditors on October 13, 2021. The auditors noted the following errors during review:

- Expenditures reported for the Pilot Regional Louis Stokes Center: Midwest Center of Excellence were overstated by \$2,096. However, the expenses were not charged to the federal agency for reimbursement as the grant had already been closed out and the final drawdown was made prior to the occurrence of the clerical error.
- The federal award from the National Science Foundation (NSF) under the Intergovernmental Personnel Act (IPA) program, totaling \$107,725, had an incorrect assistance listing number and was presented under Other Programs on the SEFA instead of classifying it under the Research & Development (R&D) cluster, resulting in an understatement of total expenditures for the R&D cluster by the same amount.

The University subsequently corrected the above errors and provided the auditors with an updated SEFA.

The NSF's Proposal and Award Policies and Procedures Guide (Chapter VII) requires all awards issued by NSF are to be identified as part of the R&D cluster on the SEFA.

In addition, the Code of Federal Regulations (2 C.F.R. §200.303 (a)) requires the University to establish and maintain effective internal control over the federal award to provide reasonable assurance the University is managing the federal award

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-005. **FINDING** Inadequate Controls Over the Preparation of the Schedule of Expenditures of Federal Awards (Continued)

in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure the preparation of an accurate SEFA.

University management indicated the conditions found were due to staff turnover, ambiguity in the purpose of the IPA award, and lack of reference to an assistance listing number in the IPA agreement.

Failure to exercise adequate controls over the preparation of the SEFA increases the likelihood of errors and omissions, either intentional or unintentional, may occur and remain undetected. (Finding Code No. 2021-005, 2020-006)

RECOMMENDATION

We recommend the University ensure proper controls over the preparation and review of the SEFA have been designed and implemented effectively.

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University is designing and implementing the controls over the preparation and review of the SEFA.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-006. **FINDING** Inadequate Controls over Contractual Services Expenditures

The Chicago State University (University) did not have adequate controls over contractual services expenditures.

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

- 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.
- Ten contracts (totaling \$892,838) were not submitted or submitted late to the Office of Comptroller. Of the ten contracts, nine contracts (totaling \$842,838) were filed one 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.
- One contract (totaling \$38,380) was not supported by three price quotes from vendors on the University's bidders list.
- 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.
- 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.

This finding was first reported during the year ended June 30, 2016. In the subsequent years, the University has been unsuccessful in implementing appropriate corrective action.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-007. **FINDING** Lack of Adequate Controls over Review of Internal Controls over Service Providers

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

The University entered into agreements with various service providers to assist in some of its needed processes to operate effectively and efficiently such as: (1) payment system for receipts and expenditures, (2) purchasing system, (3) processing payments to Perkins student loans, and (4) tracking of University property and equipment.

During testing of six SOC reports, we noted the following:

- Six (100%) SOC reports identified Complementary User Entity Controls (CUEC) necessary for the service providers' 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.
- 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.
- 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.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-35 (Fifth Revision)) published by the National Institute of Standards and Technology (NIST), IT Security Services Life Cycle section, requires organizations to ensure operational success by consistently monitoring service providers and organizational security performance against identified requirements, periodically evaluating changes in risks and threats to the organization and ensuring the organizational security solution is adjusted as necessary to maintain an acceptable security posture. As such, reviews of assessments, audits, and inspections should be completed to determine the controls are in place at all vendors, service providers and subservice providers.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-007. **FINDING** Lack of Adequate Controls over Review of Internal Controls over Service Providers (Continued)

In addition, 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 administrative controls, to provide assurance revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports to maintain accountability over the State's resources. Strong management controls, due diligence, and fiduciary responsibility require adequate supervision of service providers.

University management indicated the University continued to face staffing and resource issues in fiscal year 2021.

The SOC reports which include CUECs specifically assume the user entities will apply complementary controls identified in the reports. The Description of System within the SOC reports are designed considering these controls will be implemented by the user entities and doing so is necessary to fully achieve the control objectives covered by the SOC reports. The failure of the University to consider the application of the CUECs to itself and perform additional assessments on the subservice providers lessens the effectiveness of relying on the SOC reports as an element of its internal control structure. The qualified opinion on the SOC report indicates deficiencies in the service provider's control environment, which could impact the University's internal control. (Finding Code No. 2021-007, 2020-012)

RECOMMENDATION

We recommend 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, 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,

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-007. **FINDING** Lack of Adequate Controls over Review of Internal Controls over Service Providers (Continued)

- 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 RESPONSE

The University agrees with the recommendation. The University has obtained required SOC reports and initiated necessary steps for review and approval of the SOC reports.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-008. **FINDING** Noncompliance with the Chicago State University Law

The Chicago State University (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. 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.

The Chicago State University Law (110 ILCS 660/5-100) requires when a goal of 20% of the positions on a campus being available on a flexible hour basis has been reached, the Board has to evaluate the effectiveness and efficiency of the program and determine whether to expand the number of positions available for flexible hours.

University management stated the University has recently approved a hybrid work policy allowing many roles the opportunity for more flexible schedules at times, however, monitoring mechanism has not yet created due to other compelling priorities.

Failure to track the employees' flexible hours and evaluate the effectiveness and efficiency of the program inhibits the determination of the program's success and results in noncompliance with the Chicago State University Law. (Finding Code No. 2021-008)

RECOMMENDATION

We recommend 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 RESPONSE

The University agrees with the recommendation. A plan to create a monitoring mechanism to track the flexible work schedule is in development and is expected to begin in fiscal year 2022. This monitoring will allow for assessing the effectiveness and efficiency of the flexible hours program.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-009. **FINDING** Weaknesses in Cybersecurity Programs and Practices

The Chicago State University (University) did not maintain adequate internal controls related to its cybersecurity programs and practices.

Given the University's responsibilities, it maintains a substantial amount of personal and confidential information, including Social Security numbers, addresses, and educational records.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the University's cybersecurity program, practices, and control of confidential information, we noted the University had not:

- Ensured an appropriate information security structure was established to ensure its resources and data were adequately protected.
- Classified its data to identify and ensure adequate protection of information.

Additionally, the University had not developed a breach notification policy to comply with the requirements of the Personal Information Protection Act (815 ILCS 530).

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 require 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.

The Personal Information Protection Act (815 ILCS 530) requires the University to develop a breach notification policy.

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.

University management indicated the exceptions were due to staffing challenges and lack of resources.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-009. **FINDING** Weaknesses in Cybersecurity Programs and Practices

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the University's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2021-009, 2020-013)

RECOMMENDATION

We recommend the University:

- Establish an appropriate information security structure to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modification, or destruction.
- Classify all types of data to ensure adequate protection of confidential or personal information most susceptible to attack.
- Develop a breach notification policy to comply with the requirements of the Personal Information Protection Act.

UNIVERSITY RESPONSE

The University agrees with the recommendation. An information security position will be filled soon to provide additional attention to this area.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-010. **FINDING** Inadequate Disaster Recovery Process

The Chicago State University (University) did not ensure an adequately updated and tested disaster recovery plan existed to ensure timely recovery of critical computer systems.

The University had a disaster recovery plan (Plan) to guide the University in the recovery of its computing and network facilities in the event of a disaster. However, the Plan was last revised in 2016 and did not depict the current environment. Additionally, the University did not perform disaster recovery testing during the examination period.

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, Contingency Plan section, requires reviewing the contingency plan and updating the plan to address the changes to the organization, system, environment of operation and problems encountered during contingency plan implementation, execution, or testing. The Publication also requires testing of the Plan to determine the effectiveness and readiness to execute the recovery procedures.

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 management indicated the University finalized an updated the Disaster Recovery Policy in fiscal year 2021, but resource constraints have prevented the full implementation.

Failure to have an adequately updated and tested disaster recovery plan leaves the University exposed to the possibility of major disruptions to services. (Finding Code No. 2021-010, 2020-014)

RECOMMENDATION

We recommend the University update its Plan and perform disaster recovery testing at least annually.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2021

2021-010. **FINDING** Inadequate Disaster Recovery Process

UNIVERSITY RESPONSE

The University agrees with the recommendation. The University's Enterprise Resource Planning system will be migrated to a cloud-hosted solution in fall 2022, eliminating the key risk area. An increased staff training is also occurring.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2021

A. FINDING Lack of Adherence to Controls and Noncompliance with Requirements
Applicable to the Center for STEM Education and Research

During the prior year, the Chicago State University's (University) internal controls over the compliance requirement of allowable costs and cost principles applicable to its Center for STEM Education and Research (CSER) program were not followed. (Finding Code No. 2020-004, 2019-004)

During the current year, our testing did not identify instances of noncompliance with the allowable costs and cost principles applicable to the CSER program.

B. FINDING Completion and Retention of Employment Eligibility Verification Form

During the prior year, the University did not ensure proper completion and retention of the Employment Eligibility Verification (I-9) forms. (Finding Code No. 2020-008, 2019-009, 2018-008)

During the current year, our sample testing of the University's I-9 forms did not identify similar exceptions.

C. FINDING Noncompliance with the Illinois Articulation Initiative Act

During the prior year, the University did not submit a minimum of one course per major under the Illinois Articulation Initiative (Initiative) for some majors offered by the University. (Finding Code No. 2020-009)

During the current year, our testing indicated the University submitted the required number of courses to the Initiative.

D. FINDING Noncompliance with the Higher Education Student Assistance Act

During the prior year, the University did not fully comply with the requirements of the Higher Education Student Assistance Act. Specifically, the University did not comply with the requirements of the AIM HIGH Grant Pilot Program. (Finding Code No. 2020-010)

During the current year, our testing did not identify instances of noncompliance with the requirements of the AIM HIGH Grant Pilot Program.

E. FINDING Inaccurate Accounts Receivable and Locally Held Funds Reporting

During the prior year, the University did not accurately report accounts receivable and locally held fund balances to the Office of Comptroller. (Finding Code No. 2020-011)

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2021

E. **FINDING** Inaccurate Accounts Receivable and Locally Held Funds Reporting (Continued)

During the current year, the issues noted during our review of University's accounts receivable reports were less severe than those of the prior year and were reported in the immaterial findings letter as finding IM2021-007. In addition, no exceptions were noted during our review of the University's locally held fund reports.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
DISCLOSURES ACCOMPANYING A STATE COMPLIANCE EXAMINATION REPORT
For the Year Ended June 30, 2021

DISCLOSURES REPORT

SUMMARY

A reading of the accompanying report components of the Chicago State University (University) was performed by Roth & Co., LLP.

ACCOUNTANT'S REPORT

The accountants did not conclude an omission or uncorrected material misstatement of the other information exists in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report.

EXIT CONFERENCE

This report was discussed with University personnel at an exit conference on May 23, 2022.

Attending were:

Chicago State University

Ms. Zaldwanayka Scott, Esq., President

Mr. Walter Pryor, Interim General Counsel, Chief Compliance Officer and V.P. of Legal Affairs

Mr. Craig Duetsch, CFO and V.P. of Financial Operations

Ms. Natalie Covello, Chief Internal Auditor

Ms. Leslie Roundtree, Interim Provost and V.P. for Academic Affairs

Ms. Maya Moore, Legal Affairs and Audit Coordinator

Ms. Jimell Byrd-Reno, Special Assistant to the President

Office of the Auditor General

Mr. Reddy Bommareddi, CPA, CISA, Senior Audit Manager

Roth & Co, LLP

Ms. Leilani Rodrigo, CPA, CGMA, Partner

Ms. Marites Sy, CPA, CISA, CGMA, Partner

Ms. Darlene Dizon, CPA, Manager

Ms. Ivory Pineda, Supervisor

Ms. Joan Angeles, Associate



**INDEPENDENT ACCOUNTANT’S REPORT ON DISCLOSURES
ACCOMPANYING A STATE COMPLIANCE EXAMINATION REPORT**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Chicago State University

Disclosures Accompanying a State Compliance Examination Report

Management of the Chicago State University (University) is responsible for the *Disclosures Accompanying a State Compliance Examination Report* (other information), which consists of the Fiscal Schedules and Analysis and Analysis of Operations report components as listed in the Table of Contents. The other information comprises disclosures which must be presented by management in accordance with *Report Components* memorandum published by the Auditor General of the State of Illinois, but does not include our *Independent Accountant’s Report on State Compliance and on Internal Control over Compliance* found in the separate *State Compliance Examination Report* included within this document. Our opinion on the University’s State compliance and internal control over compliance does not cover this other information, and we do not express an opinion or any form of assurance thereon.

In connection with our examination of the University, our responsibility is to read the other information and consider whether:

- 1) a material inconsistency exists between the other information and our knowledge and facts of the University we obtained as part of the University’s State compliance examination;
- 2) the other information appears to have been omitted; or,
- 3) the other information appears to be materially misstated.

If, based on the work performed, we concluded an omission or uncorrected material misstatement of the other information exists, we are required to describe it in this report.

SIGNED ORIGINAL ON FILE

Chicago, Illinois
May 31, 2022

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF APPROPRIATIONS, EXPENDITURES, AND LAPSED BALANCES
Expenditure Authority for Fiscal Year 2021
For the Fifteen Months Ended September 30, 2021

Public Act 101-0637 FISCAL YEAR 2021	Expenditure Authority (Net of Transfers)	Expenditures Through June 30, 2021	Lapse Period Expenditures July 1 to September 30, 2021	Total Expenditures 15 Months Ended September 30, 2021	Balances Lapsed September 30, 2021
<u>APPROPRIATED FUNDS</u>					
Education Assistance Fund - 007					
Operational expenses	\$ 35,018,900	\$ 34,768,945	\$ 249,955	\$ 35,018,900	\$ -
General Professions Dedicated Fund - 022					
Lump sums and other purposes	307,000	139,913	167,087	307,000	-
Chicago State University Education Improvement Fund - 223					
Lump sums and other purposes	3,000,000	2,926,285	73,715	3,000,000	-
GRAND TOTAL - ALL FUNDS	\$ 38,325,900	\$ 37,835,143	\$ 490,757	\$ 38,325,900	\$ -

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the University's records and have been reconciled to the Office of Comptroller's records as of September 30, 2021.

Note 2: Expenditure amounts are vouchers approved for payment by the University and submitted to the Office of Comptroller for payment to the vendor.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
**COMPARATIVE SCHEDULE OF NET APPROPRIATIONS,
EXPENDITURES, AND LAPSED BALANCES**
For the Years Ended June 30,

<u>APPROPRIATED FUNDS</u>	<u>2021</u>	<u>2020</u>
Education Assistance Fund - 007		
Expenditure Authority	\$ 35,018,900	\$ 35,018,900
Expenditures		
Operational expenses	\$ 35,018,900	\$ 35,018,900
Total Expenditures	\$ 35,018,900	\$ 35,018,900
Balances Lapsed	\$ -	\$ -
General Professions Dedicated Fund - 022		
Expenditure Authority	\$ 307,000	\$ 307,000
Expenditures		
Lump sums and other purposes	\$ 307,000	\$ 307,000
Total Expenditures	\$ 307,000	\$ 307,000
Balances Lapsed	\$ -	\$ -
Chicago State University Education Improvement Fund - 223		
Expenditure Authority	\$ 3,000,000	\$ 1,600,000
Expenditures		
Lump sums and other purposes	\$ 3,000,000	\$ 1,600,000
Total Expenditures	\$ 3,000,000	\$ 1,600,000
Balances Lapsed	\$ -	\$ -
<u>GRAND TOTAL - ALL FUNDS</u>		
Expenditure Authority	\$ 38,325,900	\$ 36,925,900
Expenditures	\$ 38,325,900	\$ 36,925,900
Balances Lapsed	\$ -	\$ -

Note 1: Expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the University's records and have been reconciled to the Office of Comptroller's records as of September 30, 2021 and September 30, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the University and submitted to the Office of Comptroller for payment to the vendor.

Note 3: The University received appropriations during Fiscal Year 2021 from Public Act 101-0637. In addition, the University received appropriations during Fiscal Year 2020 from Public Act 101-0007.

As further described in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
COMPARATIVE SCHEDULE OF NET EXPENDITURES
BY MAJOR ACTIVITY
For the Years Ended June 30,

EXPENDITURE STATISTICS	2021	2020
All State Treasury Funds		
Total Operations Expenditures:	\$ 35,461,717	\$ 35,511,057
Percentage of Total Expenditures:	93%	96%
Personal Services	34,129,900	34,172,167
Other Payroll Costs	1,024,000	1,024,000
All Other Operating Expenditures	307,817	314,890
Total Awards and Grants Expenditures:	\$ 2,864,183	\$ 1,414,843
Percentage of Total Expenditures:	7%	4%
GRAND TOTAL - ALL EXPENDITURES	\$ 38,325,900	\$ 36,925,900

Note 1: Expenditures were obtained from the University's records and have been reconciled to the Office of Comptroller's records as of September 30, 2021 and September 30, 2020.

Note 2: Expenditure amounts are vouchers approved for payment by the University and submitted to the Office of Comptroller for payment to the vendor.

As further described in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENDITURES
For the Year Ended June 30, 2021

Fiscal Year 2021 Compared to Fiscal Year 2020

Chicago State University Education Improvement Fund - 223

Lump sums and other purposes

The increase was primarily due to the increase in State appropriations received under this fund for Fiscal Year 2021 (\$3,000,000) as compared to Fiscal Year 2020 (\$1,600,000).

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING
For the Year Ended June 30, 2021

Fiscal Year 2021

General Professions Dedicated Fund - 022

Lump sums and other purposes

The lapse period spending relates to payments for contractual and commodities paid locally as of June 30, 2021 and submitted to the Office of Comptroller in the lapse period for reimbursement.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
**COMPARATIVE SCHEDULE OF CASH RECEIPTS
AND DEPOSITS INTO THE STATE TREASURY**
For the Years Ended June 30,

<u>STATE TREASURY FUNDS</u>	<u>2021</u>	<u>2020</u>
Chicago State University Education Improvement Fund - 223		
Cash transfer from State Gaming Fund 129	\$ 3,000,000	\$ 1,600,000
Interest deposited directly into the State Treasury	8,137	23,883
Total Receipts per the University's Records	<u>\$ 3,008,137</u>	<u>\$ 1,623,883</u>
Receipts per the University's records	\$ 3,008,137	\$ 1,623,883
Deposits in transit, beginning of the year	-	-
Deposits in transit, end of the year	-	-
Deposits Recorded by the Office of Comptroller	<u>\$ 3,008,137</u>	<u>\$ 1,623,883</u>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
ANALYSIS OF SIGNIFICANT VARIATIONS IN RECEIPTS
For the Year Ended June 30, 2021

Fiscal Year 2021 Compared to Fiscal Year 2020

Chicago State University Education Improvement Fund - 223

Cash Transfer from State Gaming Fund 129

The increase was primarily due to the increase in cash transfer from State Gaming Fund 129 for fiscal year 2021 (\$3,000,000) as compared to fiscal year 2020 (\$1,600,000).

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF CHANGES IN PROPERTY
For the Year Ended June 30, 2021

(IN THOUSANDS)

FISCAL YEAR 2021	Beginning Balance	Additions	Deletions	Net Transfers	Ending Balance
Property					
Land	\$ 9,611	\$ -	\$ -	\$ -	\$ 9,611
Works of art	41	-	-	-	41
Site improvements	17,551	-	-	-	17,551
Buildings and building improvements	202,347	273	-	-	202,620
Equipment and library books	35,969	588	(1,306)	-	35,251
Intangible assets	1,490	-	-	-	1,490
Construction in progress	14,981	92	-	2,718	17,791
Total	<u>\$ 281,990</u>	<u>\$ 953</u>	<u>\$ (1,306)</u>	<u>\$ 2,718</u>	<u>\$ 284,355</u>

Note 1: These balances were obtained from the University's records and have been reconciled to the University's quarterly *Agency Report of State Property* reports submitted to the Office of Comptroller for the year ended June 30, 2021.

Note 2: This schedule was prepared from State property records as required by the Illinois Administrative Code (Code) and the Statewide Accounting Management System (SAMS). The capitalization policy required by the Code and SAMS is different from the capitalization policy established by the Office of Comptroller for financial reporting in accordance with generally accepted accounting principles (GAAP).

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
ANALYSIS OF SIGNIFICANT VARIATIONS IN ACCOUNT BALANCES
For the Year Ended June 30, 2021

Fiscal Year 2021 Compared to Fiscal Year 2020

The University's Fiscal Year 2021 Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position can be found on pages 14 and 15, respectively, within its separately released Fiscal Year 2021 financial audit report. Additionally, the University's Fiscal Year 2020 Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position can be found on pages 16 and 17, respectively, within its previously released Fiscal Year 2020 financial audit report.

Statement of Net Position

Cash equity with State Treasurer

The decrease was due to the timing of submission of vouchers for reimbursements to the Office of Comptroller for the Education Improvement Fund between fiscal years.

Cash and cash equivalents - restricted and unrestricted

The decrease was due to the result of operations in Fiscal Year 2021.

Securities lending collateral equity of State Treasurer

The increase was due to the increased allocated balance of equity securities on the State Treasurer's accounts. This balance represents the University's asset for the lending collateral from the State of Illinois for the University's interest in State-held cash.

Balance in State appropriation

The decrease was mainly due to the timing of billings made to the State and subsequent receipt of payments thereof.

Accounts receivable, net

The increase was due to the Higher Education Emergency Relief Fund (HEERF) - institutional (University) portion receivable from the federal government in Fiscal Year 2021.

Noncurrent cash and cash equivalents (restricted)

The decrease was due to the impact of implementation of Government Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. The monies the University holds in a trustee capacity or as an agent for individuals, private organizations, or governmental units, and/or other funds are separately reported as fiduciary funds starting Fiscal Year 2021.

Accounts payable and accrued liabilities

The decrease was due to the timing of processing vendor invoices for payment between fiscal years.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
ANALYSIS OF SIGNIFICANT VARIATIONS IN ACCOUNT BALANCES (CONTINUED)
For the Year Ended June 30, 2021

Statement of Net Position (Continued)

Obligations under securities lending collateral equity of State Treasurer

The increase was due to the increased allocated balance of equity securities on the State Treasurer's accounts. This balance represents the University's liability for the lending collateral for the State of Illinois against State-held cash.

Unearned revenue

The decrease was due to spending of the HEERF monies advanced in the previous fiscal year (\$1.3 million) and impact of implementation of GASB Statement No. 84, *Fiduciary Activities* (\$1.1 million) (see Note 22 of the University's audited financial statements for the year ended June 30, 2021).

Bonds payable

The decrease represents the current portion of bonds that have become due and payable in Fiscal Year 2021.

Deferred inflows for OPEB expense

The decrease was mainly due to the impact of an error correction made related to the prior year balances allocated to the University (see Note 22 of the University's audited financial statements for the year ended June 30, 2021).

Net position, unrestricted

The increase was predominantly attributed to results of operations (\$2.2 million) and prior period adjustment related to other postemployment benefits (OPEB) (\$5.5 million) (see Note 22 of the University's audited financial statements for the year ended June 30, 2021).

Statement of Revenues, Expenses, and Changes in Net Position

Nongovernmental grants and contracts

The increase was due to the net effect of the following: (1) impact of GASB Statement No. 84 implementation (\$343 thousand), (2) funding received for the construction of the Dr. Davis Kanis Child Development Center (\$98 thousand), reclassification of receipts from private organization previously reported under the State and local grants and contract (\$367 thousand), and net increase of receipts from private organizations (\$75 thousand).

Sales and services of auxiliary enterprises, net

The decrease was due to a decline of student enrollment and limited campus activities because of the COVID-19 pandemic. The University experienced a 12% decline in student enrollment in Fall 2020 as compared to the previous term, and students continued to do remote learning and most staff were working from home throughout Fiscal Year 2021.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
ANALYSIS OF SIGNIFICANT VARIATIONS IN ACCOUNT BALANCES (CONTINUED)
For the Year Ended June 30, 2021

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

Instruction

The increase was due to the increase in allocated OPEB and pension expenses to the University in Fiscal Year 2021 (\$46 million) as compared Fiscal Year 2020 (\$25 million). The portion allocated to instruction was \$24 million in Fiscal Year 2021 and \$13 million in Fiscal Year 2020.

Special funding situation and On-behalf payments

The increase was mainly due to an increase in State's proportionate share for pension and other post employment benefits allocated to the University as a result of change in the actuarial valuation assumptions (see Note 22 of the University's audited financial statements for the year ended June 30, 2021). The income and offsetting expense, which is allocated among the operating expenses, is based on State's annual calculation of funding requirement to the University for fringe benefits.

Federal nonoperating grants

The increase was due to additional emergency financial aid grants provided to students and institutional expenses incurred related to the COVID-19 pandemic (\$4.2 million) charged to the HEERF grant, offset by the decrease in financial aid awarded due to decline in student enrollment attributed to the COVID-19 pandemic (\$0.6 million).

Investment income

The decrease in investment income was due to the decrease in restricted bonds during the year.

Capital appropriations

The increase represents the uptick in Capital Development Board (CDB) project activities during Fiscal Year 2021 as compared to the previous year. Capital appropriations represent the capital project activities managed and completed by the CDB, on behalf of the University.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF SOURCES AND APPLICATIONS -
INDIRECT COST REIMBURSEMENTS
For the Year Ended June 30,

	2021
SOURCES:	
Federal funds	\$ 189,362
State funds	30,674
Local and Private funds	50,762
Total Sources	270,798
 APPLICATIONS:	
Compensation and benefits	315,371
Contractual	5,488
Total Applications	320,859
 EXCESS OF SOURCES OVER APPLICATIONS	
Transfers to other funds	-
 DEFICIENCY OF SOURCES OVER APPLICATIONS AFTER TRANSFERS	(50,061)
 FUND BALANCE, BEGINNING OF YEAR	30,662
 DEFICIT, END OF YEAR	\$ (19,399)

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES
For the Year Ended June 30, 2021

To comply with *University Guidelines* adopted by the State of Illinois Legislative Audit Commission in 1982, the Chicago State University (University) maintains separate sub-fund accounting entities to enforce legal prohibitions against inter-entity subsidies. Separate accounting entities are maintained for, and these financial statements cover the following auxiliary enterprises and activities.

Accounting entities as defined by the 1982 Legislative Audit Commission Guidelines and their primary revenue source are as follows:

Auxiliary Facilities:

University Facilities System Revenue Bond Fund

This entity represents all the activity of the Auxiliary Enterprises University Facilities System Revenue Bond Fund. This includes the student residence hall and student union. Construction of each of these facilities was either fully or partially funded through the issuance of revenue bonds. The primary sources of revenue include room and board fees, student fees, bookstore sales, food service operations, parking fees and facilities rental income. The combined net revenues of these facilities, plus activity fees and surcharges that are assessed to all enrolled students, are pledged as security for the Bondholders under the terms of the Bond Agreement. Accordingly, the facilities related to this entity are considered restricted assets in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

Parking Facilities

The entity operates the University’s parking facilities and receives revenues from parking fees.

Student Health Services

This entity includes student health related operations of the Wellness Center and Insurance Support Services.

Activities:

Public Services

This entity is used for the operations of non-credit continuing education programs, training institutes, seminars, and short courses. Revenues are derived from fees charged to participants in its programs, courses, etc. In addition, it provides testing services to various departments and students with its revenues derived from fees charged to its users.

Activities Services

Service departments provide products or services to University departments. Revenue is produced through charge backs to users.

As further described in the *Independent Accountant’s Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
AUXILIARY FACILITIES, ACTIVITIES, AND ACCOUNTING ENTITIES (CONTINUED)
For the Year Ended June 30, 2021

Revenues and expenditures are offset against each other and reported net in the University's separately issued financial statements. This entity includes the following services with revenues resulting from user charges:

Printing, duplicating, photocopying, plate making, and design services primarily to University departments.

Purchasing, controlling, and dispensing common supplies to University departments through Central Stores.

Providing teaching and instruction aids to students and departments.

Providing telecommunication and mailing services.

Providing and coordinating office machine maintenance service.

Student Activities

This entity includes mandatory student fees and the expenditure of all student activities approved by the student government such as student newspaper and athletic activities.

Continuing Education

This entity includes the tuition revenues of credit-bearing courses that are requested and fully paid for by government units, community organizations or private businesses.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
COMPARATIVE SCHEDULE OF INCOME FUND
REVENUES AND EXPENSES
For the Years Ended June 30,

INCOME FUND	2021	2020
REVENUES		
Tuition revenue	\$ 21,760,073	\$ 25,276,143
Laboratory fee	94,509	114,797
Late registration fee	-	24,100
Graduation fee - undergraduate	11,450	19,300
Graduation fee - graduate	10,700	9,800
Transcript fee	50,541	66,935
Application fee	75,877	21,442
Interest income	14,981	281,723
Miscellaneous other income	260,494	247,922
	<hr/>	<hr/>
Total revenues	\$ 22,278,625	\$ 26,062,162
	<hr/> <hr/>	<hr/> <hr/>
EXPENSES		
Personal services	\$ 7,375,400	\$ 9,349,327
SURS retirement	148,934	375,510
Social Security	591,500	641,242
Contractual services	11,376,561	12,188,157
Travel	15,219	107,240
Commodities	611,137	925,582
Equipment and library books	127,265	483,314
Telecommunications	645,080	569,824
Operation of automotive equipment	35,997	44,722
Permanent improvements	42,923	415,345
Awards, grants, and matching funds	57,100	-
Tuition and fee waivers	1,668,593	3,487,068
Other expenditures	30,500	177,250
	<hr/>	<hr/>
Total expenses	\$ 22,726,209	\$ 28,764,581
	<hr/> <hr/>	<hr/> <hr/>

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
ENTITY FINANCIAL STATEMENTS
STATEMENT OF NET POSITION - AUXILIARY FACILITIES AND OTHER ENTITIES
As of June 30, 2021

	Auxiliary Facilities				Activities				
	Revenue Bonds								
	University Facilities Revenue Bond Fund	Parking Facilities	Total Revenue Bonds						
ASSETS									
Current assets									
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ (254,308)	\$ 979,081	\$ 5,850,348	\$ (9,878,464)	\$ 665,057	\$ (2,638,286)
Cash and cash equivalents - restricted	(696,913)	828,715	131,802	-	-	-	-	-	131,802
Accounts receivable, net	-	-	-	258,249	9,224	170,422	142,608	-	580,503
Accounts receivable, net - restricted	725,845	14,560	740,405	-	-	-	-	-	740,405
Prepaid expenses and other assets	-	-	-	50	-	50,175	530	-	50,755
Prepaid expenses and other assets - restricted	1,500	-	1,500	-	-	-	-	-	1,500
Inventories	-	-	-	-	-	8,326	-	-	8,326
Total current assets	30,432	843,275	873,707	3,991	988,305	6,079,271	(9,735,326)	665,057	(1,124,995)
Noncurrent assets									
Land and land improvements	-	596,600	596,600	-	-	-	-	-	596,600
Buildings and construction in progress	20,778,764	-	20,778,764	-	-	480,218	116,077	-	21,375,059
Equipment	99,653	290,566	390,219	20,893	-	4,303,635	68,373	-	4,783,120
Other noncurrent assets	74,004	-	74,004	-	-	900,151	-	-	974,155
Less: Accumulated depreciation	(11,279,788)	(773,993)	(12,053,781)	(20,893)	-	(5,219,392)	(57,414)	-	(17,351,480)
Total noncurrent assets	9,672,633	113,173	9,785,806	-	-	464,612	127,036	-	10,377,454
TOTAL ASSETS	9,703,065	956,448	10,659,513	3,991	988,305	6,543,883	(9,608,290)	665,057	9,252,459
DEFERRED OUTFLOWS FOR OPEB	2,267	-	2,267	-	-	-	-	-	2,267
LIABILITIES									
Current liabilities									
Accounts payable and accrued liabilities	76,795	3,372	80,167	2,421	-	177,005	123,351	3,786	386,730
Unearned revenue	-	-	-	-	-	-	-	10,000	10,000
Long-term liabilities - current portion	1,632,456	-	1,632,456	-	-	-	-	-	1,632,456
Total current liabilities	1,709,251	3,372	1,712,623	2,421	-	177,005	123,351	13,786	2,029,186
Noncurrent liabilities									
Accrued compensated absences	47,065	46,689	93,754	19,622	12,786	62,539	31,994	-	220,695
Bonds payable	3,505,000	-	3,505,000	-	-	-	-	-	3,505,000
Premium on bonds	33,685	-	33,685	-	-	-	-	-	33,685
Total noncurrent liabilities	3,585,750	46,689	3,632,439	19,622	12,786	62,539	31,994	-	3,759,380
TOTAL LIABILITIES	5,295,001	50,061	5,345,062	22,043	12,786	239,544	155,345	13,786	5,788,566
NET POSITION									
Net investment in capital assets	4,501,492	113,173	4,614,665	-	-	464,612	127,036	-	5,206,313
Restricted	(91,161)	793,214	702,053	-	-	-	-	-	702,053
Unrestricted	-	-	-	(18,052)	975,519	5,839,727	(9,890,671)	651,271	(2,442,206)
TOTAL NET POSITION	\$ 4,410,331	\$ 906,387	\$ 5,316,718	\$ (18,052)	\$ 975,519	\$ 6,304,339	\$ (9,763,635)	\$ 651,271	\$ 3,466,160

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
ENTITY FINANCIAL STATEMENTS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - AUXILIARY FACILITIES AND OTHER ENTITIES
For the Year Ended June 30, 2021

	Auxiliary Facilities				Activities					
	Revenue Bonds				Student Health Services	Public Services	Activities Services	Student Activities	Continuing Education	Total
	University Facilities Revenue Bond Fund	Parking Facilities	Total Revenue Bonds	Total Revenue Bonds						
OPERATING REVENUES										
Operating	\$ 1,793,356	\$ 79,000	\$ 1,872,356	\$ 7,648	\$ 91,764	\$ 177,085	\$ 167,390	\$ -	\$ 2,316,243	
Student fees	1,510,347	-	1,510,347	332,511	-	1,786,071	1,042,719	-	4,671,648	
Other	-	-	-	-	545	712	-	-	1,257	
Total operating revenues	<u>3,303,703</u>	<u>79,000</u>	<u>3,382,703</u>	<u>340,159</u>	<u>92,309</u>	<u>1,963,868</u>	<u>1,210,109</u>	<u>-</u>	<u>6,989,148</u>	
OPERATING EXPENSES										
Instruction	-	-	-	-	-	977,207	-	2,507	979,714	
Public service	-	-	-	-	71,317	-	-	-	71,317	
Academic support	-	-	-	-	-	19,772	2,273,117	-	2,292,889	
Student services	1,490,658	599,100	2,089,758	406,655	-	303,554	-	-	2,799,967	
Institutional support	-	-	-	-	-	42,644	-	-	42,644	
Operations and maintenance of plant	419,738	33,881	453,619	-	-	498,467	1,225	-	953,311	
Depreciation	464,590	24,549	489,139	-	-	101,096	7,355	-	597,590	
Others	(11,495)	11,495	-	18,854	3,121	125,922	71,879	-	219,776	
Total operating expenses	<u>2,363,491</u>	<u>669,025</u>	<u>3,032,516</u>	<u>425,509</u>	<u>74,438</u>	<u>2,068,662</u>	<u>2,353,576</u>	<u>2,507</u>	<u>7,957,208</u>	
OPERATING INCOME (LOSS)	<u>940,212</u>	<u>(590,025)</u>	<u>350,187</u>	<u>(85,350)</u>	<u>17,871</u>	<u>(104,794)</u>	<u>(1,143,467)</u>	<u>(2,507)</u>	<u>(968,060)</u>	
NONOPERATING REVENUES (EXPENSES)										
Special funding situation	476,507	214,083	690,590	-	-	-	-	-	690,590	
On-behalf payments	90,235	40,540	130,775	-	-	-	-	-	130,775	
Investment income	40	-	40	-	-	-	-	-	40	
Interest on capital assets - related debt	(293,816)	-	(293,816)	-	-	-	-	-	(293,816)	
Net nonoperating revenues (expenses)	<u>272,966</u>	<u>254,623</u>	<u>527,589</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>527,589</u>	
NET INCREASE (DECREASE) IN NET POSITION	<u>1,213,178</u>	<u>(335,402)</u>	<u>877,776</u>	<u>(85,350)</u>	<u>17,871</u>	<u>(104,794)</u>	<u>(1,143,467)</u>	<u>(2,507)</u>	<u>(440,471)</u>	
NET POSITION, BEGINNING OF YEAR	<u>3,197,153</u>	<u>1,241,789</u>	<u>4,438,942</u>	<u>67,298</u>	<u>957,648</u>	<u>6,409,133</u>	<u>(8,620,168)</u>	<u>653,778</u>	<u>3,906,631</u>	
NET POSITION, END OF YEAR	<u>\$ 4,410,331</u>	<u>\$ 906,387</u>	<u>\$ 5,316,718</u>	<u>\$ (18,052)</u>	<u>\$ 975,519</u>	<u>\$ 6,304,339</u>	<u>\$ (9,763,635)</u>	<u>\$ 651,271</u>	<u>\$ 3,466,160</u>	

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
FUNCTIONS AND PLANNING
For the Year Ended June 30, 2021

Functions

Chicago State University (University or CSU) is governed by the Chicago State University Board of Trustees, which is comprised of seven members appointed by the Governor with the advice and consent of the State Senate. There is also one voting student member elected by the student body. The seven board members have six-year appointments. The student is elected for a one-year term.

The *Chicago State University Strategic Plan Implementation 2020 - 2025* contains the strategic plan and the context for planning. The vision, mission, values, goals, and objectives of the University are incorporated into this document. The plan was approved by the Chicago State University Board of Trustees in December 2019. In addition to the strategic plan, the University has utilized an annual planning process called Planning, Measurement and Effectiveness (PME) to implement and monitor the effectiveness of the strategic plan. Every unit in the University is involved in this planning and monitoring process.

Chicago State University Vision Statement

Chicago State University will be recognized for innovations in teaching and research, community development and civic engagement. CSU will promote excellence, ethical leadership, entrepreneurship, and social and environmental justice. CSU will embrace, engage, educate, propel and elevate our students and community to transform lives locally and globally.

Chicago State University Mission Statement

Chicago State University transforms students' lives by innovative teaching, research, and community partnerships through excellence in ethical leadership, cultural enhancement, economic development, and justice.

The University works toward these six strategic goals as it seeks to fulfill its mission:

- Academic Excellence, Innovation, and Student Transformation
- Student Enrollment, Retention, and Graduation
- University Culture, Climate, and Accountability
- Strengthened Infrastructure
- Cost Efficiencies and Diverse Revenue Streams
- Community Service, Urban Leadership and Economic Engagement

Chicago State University Values:

- Personal and academic excellence
- Personal, professional and academic integrity
- Diversity, Equity, and inclusion

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
FUNCTIONS AND PLANNING (CONTINUED)
For the Year Ended June 30, 2021

- Leadership, service, philanthropy, social justice, and entrepreneurship
- Creative and innovative thinking and learning
- Pride in self, community, and the university
- Lifelong learning

University Significant Operational Challenges

The COVID-19 pandemic has created extraordinary challenges for the world and, consequently, altered the way institutions of higher education serve students. CSU faculty and staff have developed policies and procedures for the safe return to campus beginning Fall 2021. As CSU continues to focus on providing its students with high-quality educational and co-curricular experiences, CSU is committed to following public health officials to safeguard its campus community's health and safety. The University fully opened for in-person instruction, classes, activities, and events for the 2021-22 academic year.

Moreover, in response to the global COVID-19 pandemic, CSU has developed a framework designed to preserve the interests of its students, faculty and staff and help guide the development of its operational decisions. At all times, CSU's focus is on ensuring the health and safety of its students, faculty, and staff, and the communities it serve, while remaining true to its vision, mission, and values. As CSU looks to the future, its decision-making is guided by a set of principles that are outlined below:

- Its core mission includes the transformation of the lives of the students. CSU will work to maintain a learning and living environment that conforms to the health and safety recommendations of global, national, and regional public health organizations. In doing so, CSU will continue to support students to achieve their academic and professional goals.
- CSU will strive to develop a campus life experience that enriches the academic promise and economic mobility that flow from a college education and the attainment of a college degree, while providing its students with the best collegiate experience possible under the current circumstances. CSU will continue to implement and support student success strategies that will facilitate its students' completion of their education.
- CSU will promote a safe work environment that takes into account reasonable consideration for the professional and physical needs of its employees and the organizational needs of its campus.
- Based on federal and state law, CSU pledges to adjust its operations and to educate its campus and surrounding communities to implement health and safety protocols.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
FUNCTIONS AND PLANNING (CONTINUED)
For the Year Ended June 30, 2021

- CSU will examine and manage its fiscal operations, as well as its financial and capital assets, to ensure that its business operations can be sustained under the current circumstances.
- CSU is united in its commitment to being good stewards of the resources that are represented in its students, staff, faculty, and community.

As a result of the COVID-19 pandemic, the University experienced approximately 11% decline in student enrollment for Fall 2021 semester; revenue losses for housing, food services and other fees, and incurred additional costs for hardware and software for online classes, cleaning, and medical supplies during Fiscal Year 2021. Although the University received institutional federal aid from CARES Act and Coronavirus Response and Relief Supplemental Appropriations Act: Higher Education Emergency Relief Funds that helped defray some of the costs associated with the COVID-19 pandemic, these challenges has put a strain on the financial resources of the University, and while the long-term related impact cannot be reasonably estimated at this time, the University expects that it will continue to have a negative impact on its results of operations, cash flows and financial position. CSU, along with other Illinois public universities are in need of continued support and additional resources as universities respond to the COVID-19 pandemic.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
NUMBER OF EMPLOYEES
For the Years Ended June 30,

<u>AVERAGE FULL-TIME EMPLOYEES</u>	<u>2021</u>	<u>2020</u>
By Type		
Faculty	224	237
Academic Professionals	49	50
Support Staff	362	380
Other	<u>54</u>	<u>209</u>
 Total Full-Time Equivalent Employees	 <u>689</u>	 <u>876</u>

- Note 1: This information presents the average number of employees, by type, at the University.
- Note 2: The other category includes Federal Work Study students and extra help staff.
- Note 3: Full-time equivalents were prepared in accordance with the State of Illinois, Board of Higher Education’s methodology where (1) each employee with a full-time contract is counted as a full-time equivalent and (2) each part-time employee is multiplied by the number of months worked and then divided by 12 to derive their full-time equivalency.

As further described in the *Independent Accountant’s Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
COST STATISTICS
For the Years Ended June 30,

<u>Appropriations Method</u>	2021	2020
Total Costs	\$ 19,129,988	\$ 18,635,009
Full-Time Equivalent Students	2,142	4,832
Cost Per Full-Time Equivalent Student	\$ 8,931	\$ 3,857
<u>Instructional Expenses Method</u>		
Total Costs	\$ 51,128,994	\$ 40,959,420
Full-Time Equivalent Students	2,142	4,832
Cost Per Full-Time Equivalent Student	\$ 23,870	\$ 8,477

Note 1: The total cost for the appropriations method is calculated by taking (1) the total State appropriated costs for all credit hours and instructional operating costs, (2) less costs for public service, organized research, student financial aid, independent operations, auxiliary facilities, hospitals, appropriations for the State Universities Retirement System, and appropriations for workers' compensation, allocated by campus.

Note 2: The total cost for the instructional expenses method is total operating expenses related to instruction from the University's Statement of Revenues, Expenses, and Changes in Net Position.

Note 3: Full-time equivalent students is calculated by taking (1) the total undergraduate student hours divided by 30 and adding (2) the total graduate and professional student hours divided by 24.

As further described in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
DISCLOSURE OF EMERGENCY PURCHASES
For the Year Ended June 30, 2021

Prevent or Minimize Disruption to Critical State Services

Catering Services

The Chicago State University (University) identified the need for an emergency purchase for catering services beginning September 4, 2020. This was required to provide daily food service to the students living in the Residence Hall on campus until such time that an RFP process could successfully be completed and an awarded vendor could begin operations. As the food service vendor quit their contract in the Spring of 2020, if the emergency purchase was not completed, the University would have had no means to feed the Residence Hall students. The University ultimately paid its vendor, H&B Catering and Events, \$545,094 to complete the project.

Financial Forecasting Models

Due to the unprecedented effects of the COVID-19 pandemic on the fiscal position of the University, engagement with a vendor that was already familiar with the University's financial systems and data was required. Beginning November 25, 2020, the vendor helped to assess the fiscal viability of the long-term programmatic vision of the University and to assist in identifying necessary adjustments in immediate and longer-term financial planning. The University ultimately paid its vendor, Afton Partners LLC, \$24,500 to complete the project.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
HOUSING BENEFITS
For the Year Ended June 30, 2021

Qualified Campus Lodging

The University provides a residence for the University President located off campus, in which the University President maintains their official residence. All maintenance, repairs and utilities on the house are paid for by the University, in accordance with the University President's contract. The University did not require a security deposit from the University President. The University has deemed this residence for the University President as a fringe benefit excluded from taxable income.

Lodging Provided for the Convenience of the Employer

The University, as a condition of employment with the Housing Director, provides an apartment within the dormitory so the Housing Director can immediately respond to emergencies occurring during the term. All maintenance and repair costs, except for intentional damage or gross negligence, is paid for by the University, along with all utility costs in accordance with the Housing Director's employment terms. The University has deemed this arrangement as a fringe benefit excluded from taxable income.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
ANALYSIS OF OVERTIME AND COMPENSATORY TIME
For the Years Ended June 30,

	2021	2020
<u>OPERATIONAL DIVISION</u>		
Office of the President		
Overtime Hours Paid	-	5,377
Value of Overtime Hours Paid	\$ -	\$ 322,549
Academics and Student Affairs		
Overtime Hours Paid	554	896
Value of Overtime Hours Paid	\$ 23,453	\$ 43,772
Administrative Services		
Overtime Hours Paid	11,338	12,862
Value of Overtime Hours Paid	\$ 853,673	\$ 914,474
Enrollment Management		
Overtime Hours Paid	80	79
Value of Overtime Hours Paid	\$ 2,595	\$ 3,614
Financial Operations		
Overtime Hours Paid	127	484
Value of Overtime Hours Paid	\$ 1,402	\$ 16,411
Intercollegiate Athletics		
Overtime Hours Paid	128	-
Value of Overtime Hours Paid	\$ 8,451	\$ -
University Police		
Overtime Hours Paid	3,803	-
Value of Overtime Hours Paid	\$ 242,465	\$ -
GRAND TOTAL - UNIVERSITY		
Overtime Hours Paid	16,030	19,698
Value of Overtime Hours Paid	\$ 1,132,039	\$ 1,300,820

As further described in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
MAJOR CONSTRUCTION PROJECTS
For the Year Ended June 30, 2021

Dr. David Kanis Child Development Center

The University began a \$1.9 million project to construct a child development center which will provide an educational childcare program for students ages 3 to 12-years old and a home visiting program for families with children up to 3-years old. The cost of construction is being funded by the Chicago State Foundation. The project began in June 2021 and was completed in early 2022.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SPECIAL DATA REQUIREMENTS FOR UNIVERSITY ENGAGEMENTS
For the Year Ended June 30, 2021

Purpose

In accordance with a July 25, 2000, memorandum from the Office of the Auditor General entitled *Matters Regarding University Audits*, certain supplemental data is required to be reported for University engagements. The table below cross references the requirements (indicated by number and letter paragraph references) to the Chicago State University's (University) financial audit and compliance examination reports for the year ended June 30, 2021, where such special data is found.

Compliance Findings

13(a) There were no violations of the compliance requirements of the *University Guidelines* identified during the financial audit and compliance examination of the University for the year ended June 30, 2021.

Indirect Cost Reimbursements

13(b) A statement of the sources and application of indirect cost recoveries is presented within this report on page 50.

13(c) The University's calculation sheet for indirect cost carryforward and any required remittance to the University's Income Fund is presented within this report on page 72.

Tuition Diversions

13(d) There were no diversions of tuition revenues to auxiliary enterprise operations identified during the financial audit and compliance examination of the University for the year ended June 30, 2021.

Auxiliary Facilities, Activities, and Accounting Entities

13(e) An identification of each specific accounting entity and a description of each entity's sources of revenues and purpose are presented within this report on pages 51 and 52.

13(f) The present financial statements for each accounting entity are presented within this report on pages 54 and 55. These financial statements should be read in conjunction with the University's audited financial statements for the year ended June 30, 2021.

13(g) The University's calculation sheets for current excess funds within each accounting entity and any required remittance to the University's Income Fund are presented within this report on pages 70 and 71.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SPECIAL DATA REQUIREMENTS FOR UNIVERSITY ENGAGEMENTS (CONTINUED)
For the Year Ended June 30, 2021

Auxiliary Facilities, Activities, and Accounting Entities (Continued)

- 13(h) Support received by auxiliary enterprises from State appropriated funds for retirement and group insurance benefits is disclosed in the University's financial audit report in the Table of Operating Expenses on page 62.
- 13(i) The present financial statements for the Revenue Facilities System Revenue Bond Fund and Parking Facilities which are covered by a bond indenture are presented in within this report on pages 54 and 55. A description of the Revenue Facilities System Revenue Bond Fund and Parking Facilities' sources of revenues and purpose are presented within this report on page 51.
- 13(j) There were no violations of the University's bond covenants identified during the financial audit and compliance examination for the year ended June 30, 2021.
- 13(k) The University does not currently have any non-instructional reserves established by the University's Board of Trustees.

University Related Organizations

- 13(l) The University recognizes the Chicago State Foundation (Foundation) as a University related organization. The University does not have any "Independent Organizations" under Section VII of the *University Guidelines*.
- 13(m) A summary of Foundation payments to the University for services and supports provided by the University is presented within this report on page 68.
- 13(n) A summary of University payments to the Foundation for services and supports provided by the Foundation is presented within this report on page 68.
- 13(o) There were no cumulative unreimbursed subsidies from the University or appropriated funds to the Foundation for the year ended June 30, 2021.
- 13(p) There was no debt financed by the Foundation for the year ended June 30, 2021.

Other Topics

- 13(q) The University's cash and cash equivalents and investments are disclosed within the financial audit report in Note 2 on pages 27 through 32.
- 13(r) The University's income from investments of pooled funds has been allocated and credited to the original sources of the funds, to the extent practical. There was no unallocated investment income required to be paid into the University's Income Fund.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SPECIAL DATA REQUIREMENTS FOR UNIVERSITY ENGAGEMENTS (CONTINUED)
For the Year Ended June 30, 2021

Other Topics (Continued)

- 13(s) The cost per full-time equivalent student, prepared in accordance with the requirements of the State of Illinois, Board of Higher Education, is presented within this report on page 60.
- 13(t) The University did not purchase any real estate with an acquisition cost in excess of \$250,000 that was not funded by a separate, specific appropriation from the General Assembly.
- 13(u) There were no Certificates of Participation (COPS) or participation in lease or purchase arrangements involving COPS for the year ended June 30, 2021.

Other Schedules

- 13(1) An analysis of State appropriations to the University is presented within this report. In addition, the University's analysis of significant variations in expenditures and significant spending during the lapse period is presented within this report on pages 42 and 43, respectively.
- 13(2) A Comparative Schedule of Revenues and Expenses for the University's Income Fund is presented within this report on page 53.
- 13(3) The schedule of tuition and fee waivers for undergraduate and graduate students is presented within this report on page 69.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
SUMMARY OF FOUNDATION TRANSACTIONS WITH THE UNIVERSITY
For the Fiscal Year Ended June 30, 2021

The Chicago State Foundation (Foundation) is considered a University-related organization under Section VI of the *University Guidelines*. Its contractual relationship to the University is described in Note 13 - “Related Party Transactions” of the University’s financial statements. During the current fiscal year, the University provided administrative support services valued at \$405,741 to the Foundation. The contract requires the Foundation to provide the University with fund-raising and other services. These services resulted in the Foundation’s unrestricted expenditures described below, which qualify as “reimbursements” to the University in the University guidelines computation. Current year Foundation-restricted expenditures, which do not qualify as “reimbursements”, are also described below.

Expenditures considered unrestricted for purposes of the *University Guidelines* computations:

Totally unrestricted	\$ 521,868
Restricted only as to college or department but generally available for ongoing University operations	403,722
Total funds considered unrestricted	<u>925,590</u>

Expenditures considered restricted for purposes of the *University Guidelines* computations:

Given for scholarships	888,783
Total funds considered restricted	<u>888,783</u>

TOTAL FUNDS PROVIDED BY THE FOUNDATION TO SUPPORT THE UNIVERSITY	<u>\$ 1,814,373</u>
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As further described in the *Independent Accountant’s Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
TUITION AND FEE WAIVERS
For the Year Ended June 30, 2021

UNDERGRADUATE

	Tuition Waived			Fees Waived	
	Number of Recipients *	Number of Waivers	Value of Waivers (In Thousands)	Number of Waivers	Value of Waivers (In Thousands)
MANDATORY WAIVERS					
ROTC	10	13	\$ 40.4	13	\$ 2.8
DCFS	13	18	34.0	18	19.6
Children of Employees	6	9	15.9	-	-
Senior Citizens	7	15	22.0	-	-
Other (please specify) **					
Illinois Veteran Grant (IVG)	23	35	92.5	24	36.1
Illinois National Guard***	14	19	56.9	14	1.0
Prisoners of War/MIA***	11	19	71.3	16	1.2
SUBTOTAL	84	128	333.0	85	60.7
DISCRETIONARY WAIVERS					
Civil Service	32	49	58.5	43	28.8
Athletic	29	54	255.2	-	-
Gender Equity in					
Intercollegiate Athletics	24	43	209.3	-	-
Student Need-Special Programs	46	64	135.7	-	-
SUBTOTAL	131	210	658.7	43	28.8
TOTAL	215	338	\$ 991.7	128	\$ 89.5

GRADUATE

MANDATORY WAIVERS

Teacher Special Education	11	23	\$ 55.4	21	\$ 13.9
Senior Citizens	10	20	40.5	-	-
Illinois Veterans Grant (IVG)**	20	33	113.2	27	22.8
Illinois National Guard**	2	5	9.8	4	0.3
SUBTOTAL	43	81	218.9	52	37.0

DISCRETIONARY WAIVERS

Faculty/Administrative (non-civil service)	24	44	65.7	47	37.3
Civil Service	15	30	50.4	25	16.2
Teaching Assistants	9	14	41.0	14	10.3
SUBTOTAL	48	88	157.1	86	63.8
TOTAL	91	169	\$ 376.0	138	\$ 100.8

* Unduplicated

** Illinois Veterans Grants (ISAC), Illinois National Guard Grants (ISAC), and POW/MIA Scholarships (Department of Veterans Affairs). Include only the waived (unfunded) portion of these grants.

*** Other waiver categories must be approved by the Board of Higher Education prior to reporting.

As further described in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
CALCULATION SHEETS FOR CURRENT EXCESS FUNDS - AUXILIARY FACILITIES
For the Year Ended June 30, 2021

	University Facilities Revenue Bond Fund	Parking Facilities	Total Revenue Bonds	Student Health Services	Total Auxiliary Facilities
1. Current available funds					
Add:					
Cash and cash equivalents	\$ (696,914)	\$ 828,715	\$ 131,801	\$ (254,308)	\$ (122,507)
Total current available funds	A. (696,914)	828,715	131,801	(254,308)	(122,507)
2. Working capital allowance					
Add:					
Highest month's expenditures	332,340	107,779	440,119	232,008	672,127
Encumbrances and current liabilities paid in lapse period	(39,568)	302,543	262,975	68,918	331,893
Deferred income / Refundable deposits	-	-	-	-	-
Allowance for sick leave / vacation payouts	47,065	46,689	93,754	19,622	113,376
Working capital allowance	B. 339,837	457,011	796,848	320,548	1,117,396
3. Current excess funds:					
Deduct B from A and enter here	C. \$ (1,036,751)	\$ 371,704	\$ (665,047)	\$ (574,856)	\$ (1,239,903)
4. Calculation of income fund remittance:					
An entity may offset excess capital or current funds within the entity					
Enter the amount to be offset, if any, here	D. \$ (1,691,172)	\$ (184,760)	\$ (1,875,932)	\$ (7,949)	(1,883,881)
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund					<u>\$ (3,123,784)</u>

Note: During the current year ended June 30, 2021, the University had subsidies between accounting entities. Economic subsidy was provided within the University Facilities Revenue Bond Fund and Student Health Services accounting entities.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
CALCULATION SHEETS FOR CURRENT EXCESS FUNDS - ACTIVITIES
For the Year Ended June 30, 2021

	Public Services	Activity Services	Student Activities	Continuing Education	Total Activities
1. Current available funds					
Add:					
Cash and cash equivalents	\$ 979,081	\$ 5,850,348	\$ (9,878,464)	\$ 665,057	\$ (2,383,978)
Total current available funds	A. 979,081	5,850,348	(9,878,464)	665,057	(2,383,978)
2. Working capital allowance					
Add:					
Highest month's expenditures	8,601	355,199	268,465	2,507	634,772
Encumbrances and current liabilities paid in lapse period	(20,991)	54,477	1,187,584	6,293	1,227,363
Deferred income / Refundable deposits	-	-	-	10,000	10,000
Allowance for sick leave / vacation payouts	12,786	62,539	31,994	-	107,319
Working capital allowance	B. 396	472,215	1,488,043	18,800	1,979,454
3. Current excess funds:					
Deduct B from A and enter here	C. \$ 978,685	\$ 5,378,133	\$ (11,366,507)	\$ 646,257	\$ (4,363,432)
4. Calculation of income fund remittance:					
An entity may offset excess capital or current funds within the entity					
Enter the amount to be offset, if any, here	D. \$ (121)	\$ (210,148)	\$ (6,731)	\$ -	(217,000)
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund					<u>\$ (4,580,432)</u>

Note: During the current year ended June 30, 2021, the University had subsidies between accounting entities. Economic subsidy was provided within the Student Activities accounting entity.

As further described in the *Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report*, the accountants do not express an opinion or any form of assurance on this report component.

CHICAGO STATE UNIVERSITY
A Component Unit of the State of Illinois
CALCULATION SHEETS FOR CURRENT EXCESS FUNDS -
INDIRECT COST CARRYFORWARD
For the Year Ended June 30, 2021

Current Available Funds:	
Cash and cash equivalents	\$ 39,855
Less: Allowable Indirect Cost Carryforward:	
Allocated Reimbursements - Indirect cost reimbursements allocated for expenditure for the fiscal year completed (\$319,600 @ 30%)	95,880
Unallocated Reimbursements - the lesser of actual unallocated indirect cost reimbursement or 10% of total indirect cost allocations	-
Encumbrances and Current Liabilities	-
Total Allowable Indirect Cost Carryforward	95,880
Amount to be Remitted to the Income Fund	\$ -

As further described in the Independent Accountant's Report on Disclosures Accompanying a State Compliance Examination Report, the accountants do not express an opinion or any form of assurance on this report component.