



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**CHICAGO STATE UNIVERSITY**

State Compliance Examination  
 For the Year Ended June 30, 2022

Release Date: April 13, 2023

FINDINGS THIS AUDIT: 14	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2021		22-09	
Category 2:	5	8	13	2020	22-01	22-02, 22-06, 22-08, 22-10, 22-11, 22-12	
Category 3:	0	0	0	2016		22-07	
<b>TOTAL</b>	<b>5</b>	<b>9</b>	<b>14</b>				
FINDINGS LAST AUDIT: 10							

**INTRODUCTION**

This digest covers the Compliance Examination of Chicago State University (University) for the year ended June 30, 2022. A separate digest covering the University’s financial audit as of and for the year ended June 30, 2022, was previously released on February 23, 2023. In addition, a separate digest covering the University’s Single Audit for the year ended June 30, 2022, was previously released on March 30, 2023. In total, this report contains fourteen findings, six of which were reported in the Financial Audit and Single Audit.

**SYNOPSIS**

- (22-07) The University did not have adequate controls over its contractual services expenditures.
- (22-08) The University did not have adequate internal controls over its service providers.
- (22-09) The University did not fully comply with the requirements of the Chicago State University Law regarding flexible hours positions.

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

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

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

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE CONTROLS OVER CONTRACTUAL  
SERVICES EXPENDITURES**

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

During our review of 25 contracts (totaling \$6,205,786), including purchase orders, executed during the fiscal year ended June 30, 2022, we noted the following:

- Contracts were executed late**

  - Two contracts (totaling \$4,388,389) were executed subsequent to the start date of the contracts. The contract execution dates were 12 and 43 days from the commencement of services.
  
- Contracts were not submitted timely to the Office of Comptroller**

  - Six contracts (totaling \$304,756) were filed two days late to the Office of Comptroller and two contracts (totaling \$190,000) were not filed with the Office of Comptroller.
  - Disclosure of financial interest statement of one contract (totaling \$75,000) was not obtained.
  
- Exempt purchases were not timely published in the Illinois Procurement Bulletin**

  - Two exempt purchases (totaling \$230,000) were not published timely in the Illinois Procurement Bulletin. The contracts were published 23 and 34 days from the contract execution date.
  
- Contract were not properly approved**

  - One professional contract (totaling \$155,000) was not approved by the Board of Trustees.
  - Two contracts (totaling \$4,734,889), each exceeding \$250,000, were not signed and approved by the Chief Financial Officer and/or Chief Legal Counsel.
  
- Contracts were not supported with three price quotations**

  - Six contracts (totaling \$259,776) were not supported with three price quotations and at least one of the three quotes from a Business Enterprise Program Certified Vendor. (Finding 7, pages 24-26) **This finding has been reported since 2016.**

We recommended the University establish appropriate procedures to ensure all contracts are completed, approved, and properly executed prior to the commencement of services. Further, we recommended the University review its procedures to ensure disclosures are obtained prior to the execution of contracts, contracts are supported by three price quotes when required, posted in the Illinois Procurement

Bulletin, and filed with the Office of Comptroller in accordance with the State statutes and guidelines.

**University agreed with the auditors**

University officials agreed with the recommendation and stated the University provides monthly procurement training for staff and continues to update its procurement documentation and guidelines. University officials also stated purchasing activities that do not conform to established requirements prompt the engagement of senior campus leadership with noncompliant departments.

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

The University did not have adequate internal controls over its service providers.

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

**Did not monitor service providers' performance measures**

- Implemented a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms for two (100%) service providers.

**Did not assess the impact of CUECs and subservice providers on the University's control environment**

- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the University's operations identified in the SOC reports for two (100%) service providers.
- Obtained and reviewed System and Organization Controls (SOC) reports of the subservice organizations or performed alternative procedures to determine the impact of the subservice organization on the University's internal control for two (100%) service providers.

**Did not assess the impact of service providers' deficiencies**

- Conducted an analysis to determine the impact of the noted deviations within the SOC report on the University's internal control for one (50%) service provider. (Finding 8, pages 27-29) **This finding has been reported since 2020.**

We recommended the University:

- Implement a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms with the service providers.
- Review SOC reports and monitor and document the operation of CUECs relevant to the University's operations.

- Obtain and review SOC reports for subservice providers or perform alternative procedures to determine the impact on the University's internal control environment.
- Document the deviations noted in the SOC reports and perform an analysis of the impact of those deviations on the University's internal control environment.

**University agreed with the auditors**

University officials agreed with the recommendation and stated the University has amended contracts to include requirements to ensure SOC reports are received and reviewed as applicable.

**NONCOMPLIANCE WITH THE CHICAGO STATE UNIVERSITY LAW**

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

**University did not evaluate the effectiveness of the flexible hours program**

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 flexible schedules by 2016. During testing, we noted the University reached its 20% goal; however, the University did not begin the process of evaluating the effectiveness and efficiency of the flexible hours program. (Finding 9, page 30)

We recommended the University evaluate the effectiveness and efficiency of the program in compliance with the requirements of the Chicago State University Law.

**University agreed with the auditors**

University officials agreed with the recommendation and stated the University is implementing a corrective action plan to demonstrate an evaluation on the efficiency and effectiveness of the flexible hours program.

**OTHER FINDINGS**

The remaining findings pertain to inadequate internal controls over census data, weaknesses over computer security, failure to obtain student verification documents, noncompliance with special tests and provisions, failure to notify students upon disbursement of funds, lack of adherence to controls and noncompliance with requirement applicable to Education Stabilization Fund, weaknesses in cybersecurity programs and practices, inadequate disaster recovery process, change control weaknesses, weaknesses

over maintenance of employment eligibility verification forms, and employee performance evaluations not completed. We will review the University's progress towards the implementation of our recommendations in our next engagement.

### **ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the University for the year ended June 30, 2022, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2022-001. Except for the noncompliance described in this finding, the accountants stated the University complied, in all material respects, with the requirements described in the report.

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

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JANE CLARK  
Division Director

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

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FRANK J. MAUTINO  
Auditor General

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