



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**CHICAGO STATE UNIVERSITY**

**Financial Audit  
 For the Year Ended June 30, 2023**

**Release Date: February 22, 2024**

FINDINGS THIS AUDIT: 3	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
<b>Category 1:</b>	<b>1</b>	<b>0</b>	<b>1</b>	2020		23-01, 23-02	
Category 2:	0	2	2				
Category 3:	0	0	0				
<b>TOTAL</b>	<b>1</b>	<b>2</b>	<b>3</b>				
FINDINGS LAST AUDIT: 2							

**INTRODUCTION**

This digest covers the Chicago State University’s (University) Financial Audit as of and for the year ended June 30, 2023. The University’s State Compliance Examination and Single Audit reports will be separately issued at a later date.

**SYNOPSIS**

- **(23-03)** The University did not have adequate internal controls to ensure compliance with the Illinois Pension Code.
- **(23-02)** The University did not maintain adequate controls over computer security.

<b>Category 1:</b> Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).
<b>Category 2:</b> Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.
<b>Category 3:</b> Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.

**CHICAGO STATE UNIVERSITY**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2023**

<b>REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>	<b>2023</b>	<b>2022</b>
<b>Operating Revenues</b>		
Student tuition and fees, net.....	\$ 15,419,279	\$ 17,023,668
Federal grants and contracts.....	4,608,518	4,248,980
State and local grants and contracts.....	1,690,968	1,616,042
Nongovernmental grants and contracts.....	768,617	2,252,885
Auxiliary enterprises.....	4,322,737	3,160,199
Other operating revenues.....	6,292	8,690
<b>Total Operating Revenues.....</b>	<b>26,816,411</b>	<b>28,310,464</b>
<b>Operating Expenses</b>		
Instruction.....	33,008,979	42,305,989
Research.....	996,550	1,460,841
Public service.....	907,969	1,897,475
Academic support.....	5,979,704	5,982,570
Student services.....	3,690,874	5,901,386
Institutional support.....	15,474,900	16,972,228
Operations and maintenance of plant.....	12,433,693	16,114,360
Depreciation.....	5,434,322	4,745,730
Scholarship and fellowship.....	9,215,484	12,770,057
Auxiliary enterprises.....	10,735,021	11,443,965
<b>Total Operating Expenses.....</b>	<b>97,877,496</b>	<b>119,594,601</b>
Operating (Loss).....	(71,061,085)	(91,284,137)
<b>Nonoperating Revenues (Expenses)</b>		
State appropriations.....	40,076,900	40,076,900
Special funding situation.....	4,046,084	24,205,417
On-behalf payments.....	7,189,000	7,626,000
Federal and State nonoperating grants.....	11,838,752	18,896,952
Investment income.....	499,082	45,852
Interest on capital assets - related debt.....	(138,485)	(226,400)
Other, net.....	13,021,222	9,142,514
<b>Increase (Decrease) in Net Position.....</b>	<b>5,471,470</b>	<b>8,483,098</b>
Net position, beginning of year (as previously reported).....	159,826,723	151,343,625
Prior Period Adjustment.....	-	-
Net position, beginning of year (as restated).....	159,826,723	151,343,625
Net position, end of year.....	\$ 165,298,193	\$ 159,826,723

<b>STATEMENT OF NET POSITION</b>	<b>2023</b>	<b>2022</b>
Cash and Cash Equivalents.....	\$ 11,178,638	\$ 26,203,006
Balance in State Appropriation .....	1,848,967	1,726,838
Capital and Right-of-Use Assets, net.....	160,304,529	146,959,256
Other Assets.....	16,562,951	7,662,871
<b>Total Assets.....</b>	<b>189,895,085</b>	<b>182,551,971</b>
Deferred Outflows of Resources - Pension and OPEB.....	1,956,473	2,385,480
Current Liabilities.....	13,076,173	12,309,738
Bonds Payable.....	-	1,800,000
Other Noncurrent Liabilities.....	9,583,743	8,990,055
<b>Total Liabilities.....</b>	<b>22,659,916</b>	<b>23,099,793</b>
Deferred Inflows For OPEB Expense.....	3,893,449	2,010,935
<b>Net Position.....</b>	<b>\$ 165,298,193</b>	<b>\$ 159,826,723</b>

**UNIVERSITY PRESIDENT**

During Audit Period: Ms. Zaldaynaka Scott, Esq.  
Currently: Ms. Zaldaynaka Scott, Esq.

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE CONTROLS TO ENSURE  
COMPLIANCE WITH ILLINOIS PENSION CODE**

The University did not have adequate internal controls to ensure compliance with the Illinois Pension Code (Code).

**Unable to provide populations of retired employees, annuitants and disabled employees**

During testing, we requested the University provide the populations of retired employees, persons receiving a retirement annuity (Annuitants) from the State Universities Retirement System (SURS) and re-employed by the University, and employees who filed for disability benefits during Fiscal Year 2023. The University could not provide the populations generated from its internal records. Subsequently, the University provided the populations obtained from SURS; however, these populations were not reconciled to the University's records and vice versa.

Due to this condition, we were unable to conclude the University's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 500.08 and AT-C § 205.36) to test the University's compliance with the Code.

**Did not timely notify SURS of the re-employment of annuitants**

Even given the population limitations noted above, we performed the testing and noted the University did not timely notify SURS of the re-employment of two of seven (29%) annuitants. The University notified SURS 320 days late. (Finding 3, pages 74-75)

We recommended the University implement controls to ensure completeness and accuracy of the populations of retirees, re-employed annuitants, and employees who filed for disability benefits. Further, we recommended the University timely notify SURS of re-employment of annuitants in accordance with the Code.

**University officials agreed with our recommendation**

University officials agreed with the recommendation and stated the University was developing a corrective action plan to ensure compliance with the Code.

**WEAKNESSES OVER COMPUTER SECURITY**

The University did not maintain adequate controls over computer security.

During testing, we noted:

**Separated employees have access to the University’s environment**

- Separated employees continued to have access to the University’s environment.

**Information Technology (IT) infrastructure was not secured properly**

- Information Technology (IT) infrastructure was not secured properly. (Finding 2, pages 72-73)  
**This finding has been repeated since 2020.**

We recommended the University ensure timely deactivation of separated users’ access and ensure the IT infrastructure is properly secured.

**University officials agreed with our recommendation**

University officials agreed with the recommendation and stated the University was developing a corrective action plan to address the lack of controls over computer systems.

### **AUDITOR’S OPINION**

The auditors stated the financial statements of the University as of and for the year ended June 30, 2023, are fairly stated in all material respects.

The financial audit was conducted by Roth & Company, LLP.

**SIGNED ORIGINAL ON FILE**

JANE CLARK  
Division Director

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

**SIGNED ORIGINAL ON FILE**

FRANK J. MAUTINO  
Auditor General

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