



GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
REPORT REQUIRED UNDER
GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2023

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

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended June 30, 2023

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The University's <i>Federal Single Audit</i> and <i>State Compliance Examination</i> for the year ended June 30, 2023, will be issued under a separate cover. Additionally, the University's financial statements as of and for the year ended June 30, 2023, have been issued under a separate cover.	

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended June 30, 2023

UNIVERSITY OFFICIALS

President	Dr. Cheryl F. Green
Vice President for Administration and Finance	Dr. Corey S. Bradford
General Counsel and Vice President	Ms. Therese Nohos
Chief Internal Auditor	Mr. Kristoffer Evangelista, CPA
Associate Vice President for Finance	Ms. Villalyn Baluga, CPA

OFFICERS OF THE UNIVERSITY BOARD OF TRUSTEES

Chairman (August 5, 2022 to Present)	Ms. Angela Sebastian
Chairman (July 1, 2022 to August 4, 2022)	Ms. Lisa Harrell
Vice Chairman	Mr. Kevin Brookins
Secretary	Mr. James Kvedaras

UNIVERSITY BOARD OF TRUSTEES

Trustee (July 1, 2022 to Present)	Ms. Lluvia Hernandez-Aguirre, Student
Trustee (October 20, 2023 to Present)	Ms. Stacy Crook
Trustee (January 14, 2023 to October 19, 2023)	Vacant
Trustee (July 1, 2022 to January 13, 2023)	Mr. Pedro Cevallos-Candau
Trustee	Mr. Kevin Brookins
Trustee	Mr. John Brudnak
Trustee (November 27, 2023 to Present)	Ms. Karen Nunn
Trustee (January 2023 to November 26, 2023)	Vacant
Trustee (July 1, 2022 to January 2023)	Ms. Lisa Harrell
Trustee	Ms. Angela Sebastian
Trustee	Mr. James Kvedaras
Trustee	Mr. Anibal Taboas

UNIVERSITY OFFICE

1 University Parkway
University Park, Illinois 60484

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
FINANCIAL AUDIT
For the Year Ended June 30, 2023

Report Required Under *Government Auditing Standards*

Summary

The audit of the accompanying financial statements of Governors State University (University) was performed by Adelfia LLC in accordance with *Government Auditing Standards*. This report is an integral part of that audit.

Based on their audit, the auditors expressed an unmodified opinion on the University’s basic financial statements, issued under a separate cover.

Summary of Findings

The auditors identified a matter involving the University’s internal control over financial reporting that they considered to be a significant deficiency. Further, the auditors identified a noncompliance matter.

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Finding				
2023-001	5	New	Weaknesses in Change Control Processes	Significant Deficiency and Noncompliance
Prior Finding Not Repeated				
A	7	2022/2020	Inadequate Internal Controls over Census Data	

Exit Conference

The University waived an exit conference in a correspondence from Ms. Villalyn Baluga, Associate Vice President for Finance, on March 4, 2024. The response to the recommendation was provided by Ms. Villalyn Baluga, Associate Vice President for Finance, in a correspondence dated March 15, 2024.



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Governors State University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component unit of Governors State University (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements, and we have issued our report thereon dated March 20, 2024. Our report includes a reference to other auditors who audited the financial statements of the Governors State University Foundation, as described in our report on the University’s financial statements. The financial statements of the Governors State University Foundation were not audited in accordance with Government Auditing Standards and, accordingly, this report does not include reporting on internal control over financial reporting or compliance and other matters associated with the Governors State University Foundation or that are reported on separately by those auditors who audited the financial statements of the Governors State University Foundation.

Report on Internal Control Over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the University’s internal control as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control. Accordingly, we do not express an opinion on the effectiveness of the University’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2023-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 2023-001.

University’s Response to the Finding

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

Purpose of this Report

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

SIGNED ORIGINAL ON FILE

Chicago, Illinois
March 20, 2024

GOVERNORS STATE UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS
For the Year Ended June 30, 2023

2023-001 **FINDING** (Weaknesses in Change Control Processes)

Governors State University (University) did not have adequate controls around its change control process and had not adequately controlled developer access to its production environment.

The University established a change management process describing the process from initiation until post-implementation review. However, during the review of the University's change control policies and procedures, we noted the following:

- The change policy did not describe testing and documentation requirements for each type of change.
- One (2%) of 46 changes was deployed to the production environment prior to obtaining the Change Control Board's approval.
- Developers had access to the production environment, resulting in a segregation of duties weakness.

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 maintain a system, or systems, of internal fiscal and administrative controls with proper segregation of duties to provide assurance that resources are utilized efficiently and effectively.

Also, the University's Information Technology Services (ITS) Change Control Process for two-cycle changes requires the approval of the Change Control Board prior to deployment.

University officials stated these exceptions were due to resource constraints and competing priorities. Further, University officials stated the one change completed without approval was due to a misunderstanding on the part of the employee.

Failure to establish adequate controls and documentation around the change control process and obtaining proper approvals from the Change Control Board, may lead to the University being unable to monitor and ensure only valid, authorized changes are deployed in the University's Information Technology environment. Also, allowing developers to access the production environment results in segregation of duties weakness and increases the risk of unauthorized changes being made to the computing system. (Finding Code No. 2023-001)

GOVERNORS STATE UNIVERSITY
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SCHEDULE OF FINDINGS – *GOVERNMENT AUDITING STANDARDS*
For the Year Ended June 30, 2023

2023-001 **FINDING** (Weaknesses in Change Control Processes) (Continued)

RECOMMENDATION

We recommend the University update its policies and procedures to describe testing and documentation requirements for each type of change.

Further, we recommend the University strengthen controls to ensure proper segregation of duties are established by restricting developers' access to the production environment and ensure Change Control Board's approval is obtained prior to deploying changes to the production environment.

UNIVERSITY RESPONSE

The University agrees with this finding and accepts the recommendation. The University's Office of Information Technology Services (ITS) takes pride in the culture of compliance that has been established around the change control process. The University has existing procedures in place to identify and document noncompliance with the established change control procedures. The one instance of change that was deployed to the production environment prior to obtaining approval has been subsequently identified and discussed in one of the ITS Change Control Board meetings, and has been documented in the related meeting minutes. ITS will update the change control procedures to more explicitly specify the requirements for testing and documentation.

Regarding the issue noted on segregation of duties, the ITS Applications team has implemented a process whereupon the individual installing changes in production is different from the individual installing changes in test. Since the auditors determined that this process is not sufficient, ITS leadership will evaluate alternatives and request additional department funding to implement a more rigorous solution.

GOVERNORS STATE UNIVERSITY
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SCHEDULE OF FINDINGS – PRIOR FINDING NOT REPEATED
For the Year Ended June 30, 2023

A. FINDING (Inadequate Internal Controls Over Census Data)

During the prior audit, Governors 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.

During the current audit, the University implemented controls over reporting of census data, including a reconciliation of data with the plans. Current year census data testing did not identify financially significant issues. The exceptions noted this year will be reported within the State Compliance Examination Report. (Finding Code No. 2022-001, 2021-001, 2020-001)