



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**ILLINOIS STATE UNIVERSITY**

State Compliance Examination  
 For the Year Ended June 30, 2021

Release Date: May 26, 2022

FINDINGS THIS AUDIT: 14	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	2	2	2020	21-01	21-08, 21-12	
Category 2:	3	9	12	2019		21-03, 21-04, 21-09, 21-11	
Category 3:	0	0	0	2018	21-02	21-05	
TOTAL	3	11	14	2012		21-10	
FINDINGS LAST AUDIT: 14				2005		21-14	

**INTRODUCTION**

This digest covers the State compliance examination of the University for the year ended June 30, 2021. The University's financial audit as of and for the year ended June 30, 2021, and the University's Single Audit for the year ended June 30, 2021, were separately released. In total, this report contains 14 findings, 2 of which reported within the University's financial audit and Single Audit reports.

**SYNOPSIS**

- (21-07) The University did not run the Illinois Institute for Entrepreneurship Education.
- (21-10) The University did not always ensure compliance with the University Faculty Research and Consulting Act and University policies regarding outside employment.

**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.

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

<b>COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES (Unaudited)</b>	<b>2021</b>	<b>2020</b>
<b>INCOME FUND REVENUES</b>		
Student Tuition and Fees.....	\$ 187,642,394	\$ 186,343,586
Investment Income.....	1,049,218	2,052,728
Miscellaneous.....	180,781,944	98,185,304
Total Revenues.....	369,473,556	286,581,618
<b>INCOME FUND EXPENDITURES</b>		
Personal Services.....	103,406,918	102,220,619
Medicare and benefits.....	154,719,069	77,141,535
Contractual Services.....	41,673,095	33,564,369
Travel.....	56,848	1,573,795
Commodities.....	3,059,206	2,883,365
Equipment and Permanent Improvements.....	16,593,378	12,210,497
Telecommunications Services.....	819,920	828,987
Operation of Automotive Equipment.....	415,779	460,952
Miscellaneous Expenditures.....	3,283	125,035
Awards, Grants and Matching Funds.....	32,669,843	32,550,958
Tuition and Fee Waivers.....	7,704,575	8,145,735
Depreciation.....	14,903,818	15,536,266
Capital asset additions/disposals.....	(15,585,080)	(4,942,555)
Total Expenditures.....	360,440,652	282,299,558
<b>EXCESS OF REVENUES OVER EXPENDITURES.....</b>	<b>\$ 9,032,904</b>	<b>\$ 4,282,060</b>
<b>SUPPLEMENTAL INFORMATION (Unaudited)</b>	<b>2021</b>	<b>2020</b>
<b>Employment Statistics</b>		
Faculty and Administration.....	1,842	1,888
Civil Service.....	1,201	1,217
Student Employees.....	323	349
Miscellaneous Contracts.....	38	43
Total Employees.....	3,404	3,497
<b>Enrollment Statistics</b>		
Undergraduates.....	16,720	16,996
Graduates.....	2,498	2,536
Total.....	19,218	19,532
<b>Cost Per Student</b>		
Appropriations Method.....	\$ 3,820	\$ 3,783
Instructional Expenses Method.....	\$ 11,677	\$ 9,301
<b>PRESIDENT</b>		
During Examination Period: Dr. Larry Dietz (07/01/20 - 06/30/21)		
Currently: Dr. Terri Goss Kinzy (07/01/21 - Present)		

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**FAILURE TO RUN THE ILLINOIS INSTITUTE FOR  
ENTREPRENEURSHIP EDUCATION**

The Illinois State University (University) did not run the Illinois Institute for Entrepreneurship Education (IIEE).

**Institute transferred to the Chicago State University in Fiscal Year 2011**

During testing, we noted the University transferred the IIEE to the Chicago State University (CSU) during Fiscal Year 2011. (Finding 7, page 23)

**Accountant's Recommendation**

We recommended the University run the IIEE or seek a legislative remedy with CSU to formally transfer the IIEE to CSU.

**University officials agree**

University officials indicated they will seek legislative support to eliminate the law.

**NONCOMPLIANCE WITH THE UNIVERSITY  
FACULTY RESEARCH AND CONSULTING ACT**

The Illinois State University (University) did not always ensure compliance with the University Faculty Research and Consulting Act (Act) and University policies regarding outside employment.

During Fiscal Year 2021, faculty members reported 96 instances of outside employment to the University Provost.

During testing, we noted the following:

**Requests for outside employment submitted late**

- Thirty-two of 96 (33%) instances had the Request for Approval of Secondary/Outside Employment (Form PERS 927) submitted by the faculty member for approval by the University's Provost between 1 to 239 days late.

**Faculty with outside employment did not submit a request for approval**

- Two of 96 (2%) instances never had a Form PERS 927 submitted by the faculty member to the University's Provost.

**Approvals by the Provost were late**

- Fifty-five of 96 (57%) instances had Form PERS 927 approved by the University's Provost between 1 to 377 days late.

**Annual reports not submitted**

- Fifty-five of 96 (57%) instances did not have the Annual Report of Secondary/Outside Employment (Form PERS 928) submitted by the faculty member.

**Annual reports submitted late**

- Six of 96 (6%) instances had the Form PERS 928 submitted by the faculty member to the University's Provost during September and October 2021, between 1 to 35 days late. This lag reduced or eliminated the amount of time available for review and approval by the faculty member's department chair and dean prior to the deadline for receiving final approval from the University's Provost on September 30, 2021.

**Incomplete reports**

- Three of 96 (3%) instances had an approval for outside employment by the University's Provost, but the PERS 927 on file did not have the expected end date of the faculty member's employment.

**University officials have been unable to implement corrective action**

Further, this finding was first noted during the University's Fiscal Year 2012 State compliance examination, **10 years ago**. As such, University management has been unsuccessful in implementing a corrective action plan to remedy these deficiencies. (Finding 10, pages 27-28) **This finding has been repeated since 2012.**

**Accountant's Recommendation**

We recommended the University's Provost take appropriate corrective action and implement internal controls to ensure faculty members with outside research, consulting services, or employment receive written pre-approval to conduct the requested activity and annually disclose the time spent on these activities in accordance with State law and University policy.

**University officials agree**

University officials indicated they implemented a new online application and renewal process at the beginning of Fiscal Year 2021 and that they continue to evaluate and improve the process.

**OTHER FINDINGS**

The remaining findings pertain to (1) weaknesses in cybersecurity programs and practices, (2) inadequate business continuity and disaster recovery planning, (3) noncompliance with the Illinois Articulation Initiative Act, civil service requirements, and timekeeping requirements, (4) failure to appoint a sustainability committee, and (5) inadequate controls over property and equipment, employment eligibility verifications, training, and voucher processing. We will review the University's progress towards the implementation of our recommendations in our next State compliance examination.

**ACCOUNTANT'S OPINION**

The accountants conducted a State compliance examination of the University for the year ended June 30, 2021, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2021-001 and Finding 2021-002. Except for the noncompliance described in these findings, the accountants stated the University complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by RSM US 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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