

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION

For the Year Ended June 30, 2023

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

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2023

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WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2023

University Officials

President	Dr. Kristi Mindrup, Interim (4/1/24 – Present) Dr. Guiyou Huang (7/1/23 – 3/31/24)
Provost and Academic Vice President	Dr. Mark A. Mossman (11/01/23 – Present) Dr. Manoochehr Zoghi (07/01/22 – 10/31/23)
Vice President for Student Success	Mr. John W. Smith (08/01/22 – Present) Dr. David Braverman (07/01/21 – 07/31/22)
Vice President for Finance and Administration	Mr. Paul Edwards (07/01/23 – Present) Ms. Shannon Sutton, Interim (07/01/21 – 06/30/23)
Vice President of Enrollment Management*	Dr. Amber Evans (08/01/21 – 06/30/23)
Vice President of Quad Cities Campus Operations	Dr. Kristi Mindrup
Executive Director of Financial Affairs	Ms. Ketra Roselieb
Director of Internal Auditing	Ms. Rita Moore (01/09/23 – Present) Mr. Michael Sowinski (07/01/21 – 12/17/22)
General Counsel	Ms. Victoria R. Smith (09/16/23 – Present) Ms. Elizabeth Duvall (07/01/22 – 09/15/23)

*Division of Enrollment Management was discontinued as of 06/30/23

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2023

Board of Trustees (as of June 30, 2023)

Chair	Doug Shaw, Peoria
Vice Chair	Greg Aguilar, East Moline
Secretary	Kisha M. J. Lang, Maywood
Member	Cody Cornell, Columbia
Member	Kirk Dillard, Hinsdale
Member	Polly Radosh, Good Hope
Member	Carin Stutz, Chicago
Member	Derek Wise, Venice

University offices are located at:

Macomb Campus
1 University Circle
Macomb, Illinois 61455-1390

Quad Cities Campus
3300 River Drive
Moline, Illinois 61265-588

April 18, 2024

Plante & Moran, PLLC
537 E. Pete Rose Way
Suite 300
Cincinnati, OH 45202

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 Western Illinois University (the "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 year ended June 30, 2023. Based on this evaluation, we assert that during the year ended June 30, 2023, 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. 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,

Western Illinois University

SIGNED ORIGINAL ON FILE

Dr. Kristi Mindrup
Interim President

SIGNED ORIGINAL ON FILE

Mr. Paul Edwards
VP for Finance and
Administration

SIGNED ORIGINAL ON FILE

Ms. Victoria R. Smith
General Counsel

Office of the President

Sherman Hall 209, 1 University Circle, Macomb, IL 61455-1390
Tel 309.298.1824 Fax 309.298.2089

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2023

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, disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Report</u>
Findings	10	7
Repeated Findings	4	5
Prior Recommendations Implemented or Not Repeated	3	4

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2023-001	10	2023/2022	Inadequate Internal Control over Student Enrollment Reporting	Material Weakness and Material Noncompliance
2023-002	12	New	Inadequate Internal Control over Return of Title IV Funds	Material Weakness and Material Noncompliance
2023-003	14	New	Inadequate Internal Control over Verification Requirements	Significant Deficiency and Noncompliance

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2023

SCHEDULE OF FINDINGS (CONTINUED)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (Continued)				
2023-004	16	New	Lack of Adequate Change Control	Significant Deficiency and Noncompliance
2023-005	18	2023/2018	Lack of Adequate Controls over the Review of Internal Controls over Service Providers	Significant Deficiency and Noncompliance
2023-006	21	New	Security Related Weaknesses	Significant Deficiency and Noncompliance
2023-007	22	2023/2021	Weakness in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2023-008	25	New	Lack of Access Reviews and Inappropriate Screen Access	Significant Deficiency and Noncompliance
2023-009	26	2023/2022	Weakness with Payment Card Industry Data Security Standards	Significant Deficiency and Noncompliance
2023-010	27	New	Untimely Recognition of Equipment Acquisitions and Disposals	Significant Deficiency and Noncompliance

Prior Findings Not Repeated

A	28	2022/2020	Inadequate Internal Control over Census Data
B	28	2022/2016	Noncompliance with the <i>University Guidelines</i> on Excess Funds
C	28	2022/2012	Noncompliance with the <i>University Guidelines</i> on Subsidies

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2023

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Ms. Ketra Roselieb, Executive Director of Financial Affairs, on April 1, 2024. The response to the recommendations for Finding 2023-001 through 2023-003 were provided by Ms. Deanna Eden, Assistant Comptroller, in a correspondence dated February 14, 2024. The response to the recommendations for Finding 2023-004 through 2023-010 were provided by Ms. Ketra Roselieb, Executive Director of Financial Affairs, in a correspondence dated April 11, 2024.

INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois
and
Board of Trustees
Western Illinois University

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by Western Illinois 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, 2023. 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.

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Western Illinois University

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

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

Our examination disclosed material noncompliance with the following specified requirements applicable to the University during the year ended June 30, 2023. As described in the accompanying Schedule of Findings as items 2023-001 through 2023-002, 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, 2023, 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 2023-003 through 2023-010.

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 material weaknesses 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 items 2023-001 and 2023-002 to be material weaknesses.

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Western Illinois University

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 2023-003 through 2023-010 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

Cincinnati, OH
April 18, 2024

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS
For the Year Ended June 30, 2023

2023-001. Finding: Inadequate Internal Control over Student Enrollment Reporting

Federal Agency: U.S. Department of Education
Assistance Listing Number: 84.063, 84.268
Program Expenditures: \$38,687,691
Program Name: Federal Pell Grant Program, Federal Direct Student Loans
Award Number(s): P063P211391, P063P221391, P063P231391, P268K221391, and P268K231391
Questioned Costs: None

Western Illinois University (University) did not have adequate procedures in place to complete accurate and timely enrollment reporting for all students within the required time period.

During our testing of Pell or Direct Loan borrowers, we noted 21 out of 40 (53%) students campus-level record and program-level record were not updated within the required time frame, ranging from 11-52 days late. For 19 out of the 21 students noted above, we also noted the enrollment effective date was incorrect (19 out of 40 students tested, 48%). The sample was not a statistically valid sample.

The University is required to report enrollment reporting changes no less than every 60 days. During the year, there were underlying problems with how data was being submitted to the National Student Clearinghouse (NSC), resulting in enrollment status changes and degree confirmations not being reported timely for 21 students tested or accurately for 19 students tested. Noted, while the University had a policy in place to ensure enrollment reporting for degree confirmations and status changes were being submitted to the NSC at least every 30 days, there was a flaw in the University's process that caused enrollment status changes and degree confirmations submitted to the NSC to not ultimately be submitted to National Student Loan Data System (NSLDS), resulting in enrollment reporting changes to be reported greater than 60 days after program enrollment effective date (for 21 students tested) and in some cases, with incorrect enrollment effective date (for 19 out of the 21 students noted above).

For the Federal Pell Grant Program, 34 CFR Section 690.83(b)(2) requires an institution to submit in accordance with deadline dates established by the secretary, through publication in the Federal Register, other reports and information the secretary requires and shall comply with the procedures the secretary finds necessary to ensure that the reports are correct.

For the Federal Direct Student Loans, 34 CFR Section 685.309(b) requires changes in student status to be reported to the NSLDS within 30 days of the change or included in a Student Status Confirmation Report (SSCR) sent to the NSLDS within 60 days of the status change.

Uniform Guidance (2 CFR 200.303(a)) requires non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure enrollment reporting is accurate and timely.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

**2023-001. Finding: Inadequate Internal Control over Student Enrollment Reporting
(Continued)**

University officials indicated the University did not have adequate procedures in place to ensure all required campus-level data and program-level data was being reported to NSLDS via NSC due to a flaw in their process causing degree confirmations to be overridden with other enrollment information prior to submission. The University did not have an appropriate enrollment reporting timeline to ensure student status changes were reported in the required time frame.

Without sufficient controls around enrollment reporting there is a greater risk that student enrollment data will not be reported accurately or timely. Inaccurate or untimely reporting of student enrollment data can result in inconsistencies between the University's records and the National Students Loan Data System as well as potential delays in the repayment of federal loans. (Finding Code No. 2023-001, 2022-002)

RECOMMENDATION

We recommend the University implement controls to ensure that all enrollment status changes and degree confirmations are being appropriately reported through NSC to NSLDS and that submissions of degree confirmations to NSC are appropriate to ensure enrollment status changes are reported at least every 60 days. We also recommend these controls be monitored to ensure that all necessary information is reported within the required time frame.

UNIVERSITY RESPONSE

The University agrees with the finding. Procedural changes have been identified and internal controls will be implemented moving forward to ensure that enrollment status changes and degree confirmations are being appropriately submitted and reported, and that they are done so in a timely manner.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-002. Finding: Inadequate Internal Control over Return of Title IV Funds

Federal Agency: U.S. Department of Education
Assistance Listing Number: 84.063, 84.268, 84.007, 84.379
Program Expenditures: \$39,082,749
Program Name: Federal Pell Grant Program, Federal Direct Student Loans, Federal Supplemental Education Opportunity Grants, Teacher Education Assistance for College and Higher Education Grants
Award Number(s): P063P211391, P063P221391, P063P231391, P268K221391, P268K231391, P007A231313, P379T221391, and P379T231391
Questioned Costs: None

Western Illinois University (University) did not have adequate procedures in place to complete timely return of Title IV funds for all students within the required time period.

During our testing of borrowers that withdrew from the University, we noted 6 out of 25 (24%) students return of Title IV funds were not processed within the 45 day window, ranging from 2-12 days late. The sample was not a statistically valid sample.

A school participating in Title IV aid programs must establish and maintain proper administrative and fiscal procedures and initiate returns within 45 days after the determined date of withdrawal (34 CFR 668.173(b)).

Uniform Guidance (2 CFR 200.303(a)) requires non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure return of Title IV funds is accurate and timely.

University management indicated staffing shortages during the 2022-2023 aid year caused this to occur.

Without sufficient controls in place to return Title IV funds there is a greater risk that the school does not return funds timely or that students may not receive post-withdrawal disbursements timely. (Finding Code No. 2023-002)

RECOMMENDATION

We recommend the University implement controls to ensure that all refunds of Title IV funds are initiated within 45 days of the date of determination for the students withdrawal. We also recommend these controls be monitored to ensure that all necessary refunds are completed within the required time frame.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

**2023-002. Finding: Inadequate Internal Control over Return of Title IV Funds
(Continued)**

UNIVERSITY RESPONSE

The University agrees with the finding. Additional procedures have been put in place and additional staffing efforts will be allocated to ensure timing requirements are met as it relates to Title IV funds.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-003. Finding: Inadequate Internal Control over Verification Requirements

Federal Agency: U.S. Department of Education
Assistance Listing Number: 84.063
Program Expenditures: \$12,171,226
Program Name: Federal Pell Grant Program
Award Number(s): P063P211391, P063P221391, and P063P231391
Questioned Costs: None

Western Illinois University (University) did not have adequate procedures in place to complete accurate and timely updating of verification statuses in the Common Origination and Disbursement (COD) database for all students within the required time period.

During our testing of borrowers that had been selected for verification at the University, we noted 6 out of 25 (24%) students whose verification status was not properly reflected in the COD records. The sample was not a statistically valid sample.

The University is required to update the verification status for all borrowers in the COD timely for those selected for verification. During the year, there was a misunderstanding of the waived verification requirements allowable under Dear Colleague Letter “Changes to 2022-2023 Verification Requirements” (GEN-22-06), which caused 6 out of 25 students to not have their verification status updated in the COD.

A school participating in Title IV aid programs must establish and maintain proper administrative and fiscal procedures and verify an applicant’s FAFSA information and maintain up to date accurate information in COD (34 CFR 668.53(a)).

Uniform Guidance (2 CFR 200.303(a)) requires non-Federal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure verification status for students is updated accurately and timely.

University management indicated there was a misunderstanding of the waived verification requirements which caused this error.

Failure to have sufficient controls around verification requirements, resulted in the University not accurately or timely updating the verification status in the COD to report that required verifications occurred for students selected by the Department of Education for verification. (Finding Code No. 2023-003)

RECOMMENDATION

We recommend the University implement controls to ensure that all students verification statuses are updated accurately and timely in the COD.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

**2023-003. Finding: Inadequate Internal Control over Verification Requirements
(Continued)**

UNIVERSITY RESPONSE

The University agrees with the finding. The University's internal controls have been updated as the Department of Education has released the COVID suspension of the verification process.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-004. Finding: Lack of Adequate Change Control

Western Illinois University (University) did not have adequate change management controls.

The University carries out its mission through the use of Information Technology (IT), including various applications. However, during our examination of the University's IT controls, we noted they had not established appropriate controls over changes to the environment or applications.

During our review, we noted the following:

- For two of 20 (10%) program changes tested, the documentation of change request, user acceptance testing, and applicable approvals were not adequately documented/retained.
- For one of three (33%) emergency changes tested, appropriate documentation relating to the change was not maintained to demonstrate the change instance followed the University's change control policy in its entirety.
- There is no formal requirement for post implementation review of all changes including emergency changes.
- For emergency changes, the University does not have formal documentation of testing.

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, Configuration Management section, requires entities to establish change management procedures to ensure changes are properly controlled.

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.

The University indicated the issues noted above were due to misunderstanding of required document retention for changes. In addition, University officials indicated they were unaware of the requirement of a post implementation review policy.

Failure to periodically review or monitor all implemented changes could result in unauthorized changes being made to existing systems. (Finding Code No. 2023-004)

RECOMMENDATION

We recommend the University implement adequate change control requirements for all change types. These include implementation of consistent change request requirements, approval requirements, testing requirements by users and IT and post implementation review requirements.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-004. Finding: Lack of Adequate Change Control (Continued)

UNIVERSITY RESPONSE

The University agrees with the finding. The University will continue to work towards improving adequate change control requirements.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-005. Finding: Lack of Adequate Controls over the Review of Internal Controls over Service Providers

Western Illinois University (University) had weaknesses regarding the review of independent internal control reviews over its service providers.

We requested the University provide a listing of its service providers utilized, System and Organization Control (SOC) Reports reviewed, and review of Complementary User Entity Controls (CUECs) as documented. However, the University was not able to provide a complete listing of service providers.

Due to these conditions, 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 (AT-C § 205.36).

Even given the population limitations noted above, we performed testing of the service providers identified by the University to have a SOC report.

The University utilized various service providers to provide:

- Credit card processing,
- Online classes,
- Emergency alert system,
- Email,
- Office Suite, and
- Work order system.

Our testing of the controls over service providers noted the following:

- For 8 of 8 (100%) service providers sampled, there was no formal requirement to obtain or review SOC reports at the University.
- For 6 of 8 (75%) service providers sampled, SOC reports were not collected by the University.
- For 8 of 8 (100%) service providers sampled, there was no SOC report review conducted by the University.
- For 8 of 8 (100%) service providers sampled, there was no CUEC mapping to the University's internal controls conducted by the University.

This finding was first noted during the University's Fiscal Year 2018 State Compliance examination. As such, University management has been unsuccessful in implementing a corrective action plan to remedy this deficiency.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-005. Finding: Lack of Adequate Controls over the Review of Internal Controls over Service Providers (Continued)

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 that 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 and to maintain accountability over the State's resources.

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), Maintenance and System and Service Acquisition sections, requires entities outsourcing their IT environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

University management indicated the conditions noted were due to the complexities of implementing, coordinating, and executing a university wide program that requires buy in and participation from multiple stakeholders and departments.

The lack of a comprehensive University wide population of third-party service providers and the lack of a consistent process executed by the University departments to evaluate the third-party service providers make it difficult to identify and assess risks that third party service providers have on security, integrity, availability, confidentiality, and security of University computer systems and data. (Finding Code No. 2023-005, 2022-005, 2021-008, 2020-010, 2019-006, 2018-006)

RECOMMENDATION

We recommend the University strengthen controls to identify and document all service providers utilized and determine and document if a review of controls is required. Where appropriate, we recommend the University:

- Establish and enforce formal university-wide onboarding requirements and processes for all third-party service providers.
- Establish and enforce a formal university-wide requirement to obtain SOC reports from third-party service providers.
- Establish and enforce a formal university-wide requirement to review SOC reports.
- Establish and enforce a formal university-wide requirement to review applicable Complementary User Entity Controls (CUECs) and map CUECs to existing internal controls at the University.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-005. Finding: Lack of Adequate Controls over the Review of Internal Controls over Service Providers (Continued)

UNIVERSITY RESPONSE

The University agrees with the finding. The University understands the importance of strengthening controls over service providers and will continue to review policies and procedures related to SOC reports.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-006. Finding: Security Related Weaknesses

Western Illinois University (University) did not maintain adequate security controls over its environment and devices.

The University maintains computer resources for users to conduct University functions. During our examination, we reviewed the server and workstation listing and noted ten devices were running unsupported operating systems that no longer receive security updates.

Further, we noted the Data Security and Handling policy states that access to information systems with sensitive data must be reviewed on a periodic basis. There is no evidence application user review occurred during the audit 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 (NIST), Configuration and Maintenance sections, requires entities to maintain adequate security controls over their environment and devices.

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 weaknesses were due to limited resources available to implement corrective action.

Failure to implement adequate security controls over the environment exposes the University to increased danger of unauthorized access and the loss or corruption of critical and confidential data. (Finding Code No. 2023-006)

RECOMMENDATION

We recommend the University implement baseline security controls across the University's environment and devices including phasing out unsupported devices.

UNIVERSITY RESPONSE

The University agrees with the finding. The University understands the importance of strengthening security controls in its environment and devices and will continue to allocate resources towards strengthening this process.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-007. Finding: Weaknesses in Cybersecurity Programs and Practices

Western Illinois University (University) did not maintain adequate internal controls related to its cybersecurity programs, practices and control of confidential information.

The University carries out its mission through the use of Information Technology (IT), including various applications, which contain confidential or personal information such as names, addresses, social security numbers and bank account numbers.

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 has a documented Sensitive Data Handling Procedures/Standards which notes that each individual who creates, uses, processes, stores, transfers, administers, and/or destroys sensitive university information is responsible and accountable for complying with the standard. However, there is not documented guidance to users on how to properly store data.
- *Policy Review and Approval:*
 - The University's Documentation Standard – Application Methodology, which relates to policies for change management has no requirements for formal review and approval by management.
- *Cybersecurity/Security Awareness Training and Policy Acknowledgement:*
 - We were unable to obtain complete and accurate report of all contractors. Due to these conditions, 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 (AT-C §205.36). Even given the population limitations, we performed testing of the contractors identified by the University. We noted that 17 of 23 contractors (74%) were not assigned Cybersecurity/Security Awareness Training, and 3 of 6 contractors (50%) assigned training did not complete the Cybersecurity/Security Awareness Training.
 - We noted 3 of 25 (12%) employees were not assigned Cybersecurity/Security Awareness Training.
 - We noted that 2 of 25 employees (8%) and 1 of 23 contractors (4%) did not complete cybersecurity training timely (before due date).
 - We noted the University did not obtain or maintain an acknowledgement of the University's policies for 25 of 25 (100%) employees tested and 23 of 23 (100%) contractors tested.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-007. Finding: Weaknesses in Cybersecurity Programs and Practices (Continued)

- *Incidence Response:*
 - The University's Incident Response Playbook was drafted during the audit period, as such, not all the information security tickets created during the examination period followed the procedures outlined in the playbook.
 - We noted 2 of 9 (22%) tickets selected for testing were not closed in a timely manner.

The *Framework for Improving Critical Infrastructure Cybersecurity* (Framework) 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 (NIST) requires the implementation of the Framework to develop an organizational understanding to manage cybersecurity risk to systems, people, assets, data, and capabilities and implement appropriate safeguards, and activities to identify, detect and respond to any cybersecurity event or incident.

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 officials indicated the issues were due to staffing constraints and competing priorities and they are still maturing cybersecurity related policies and procedures which includes guidance on reviewing all policies.

Weaknesses in cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the accidental or unauthorized disclosure of confidential or personal information. (Finding Code No. 2023-007, 2022-006, 2021-009).

RECOMMENDATION

We recommend the University maintain internal controls related to its cybersecurity programs, practices and control of confidential information. Specifically, we recommend the University:

- Periodically review and approve all cybersecurity related policies.
- Enforce and ensure completion of cybersecurity and security awareness training for staff and all contractors.
- Require employees and contractors to acknowledge receipt of obtaining and understanding of the security policies.
- Ensures adequate and timely responses to all identified incidents. Additionally, ensure all identified incidents follow the University's documented incident response procedures.
- Establish adequate classification of its data and guideline for storage of sensitive data.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-007. Finding: Weaknesses in Cybersecurity Programs and Practices (Continued)

UNIVERSITY RESPONSE

The University agrees with the finding. The University continues to be in the process of developing cybersecurity training for new and existing employees. In general, the University will continue to make significant improvement towards compliance.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-008. Finding: Lack of Access Reviews and Inappropriate Screen Access

Western Illinois University (University) did not perform periodic review of access granted to users.

During our review, we noted that the University had not completed periodic user access review of all users. Further, we noted 12 of 25 (48%) users tested from the Financial Aid system, had inappropriate access.

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 (NIST), Access Control section, requires entities to develop access provisioning policies and establish controls to ensure authorized users only have needed access.

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 personnel indicated inappropriate screen access to the University's systems was due to the lack of oversight.

Failure to periodically review users' access rights could result in inappropriate access and manipulation of the University's data. (Finding Code No. 2023-008)

RECOMMENDATION

We recommend the University implement an access control policy and ensure periodic access reviews are conducted to revalidate screen access for all users.

UNIVERSITY RESPONSE

The University agrees with the finding. The University will review the implementation of an access control policy that also ensures period access reviews.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-009. Finding: Weakness with Payment Card Industry Data Security Standards

Western Illinois University (University) has weaknesses regarding completion of the annual Self-Assessment Questionnaire (SAQ) for Payment Card Industry Data Security Standards (PCI DSS) compliance requirements.

During our examination of the University's PCI compliance program, we noted the University has not completed their SAQ and associated Attestation of Compliance (AOC). However, we noted the University was aware of PCI compliance responsibilities and actively tracked compliance status of PCI related service providers.

Any organization that stores, processes, or transmits cardholder data or could affect the security of cardholder data is required to attest to their compliance with the PCI DSS on an annual basis. Since the University accepts branded credit cards, they are required to complete applicable SAQ(s) each year.

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 a lack of oversight of annual SAQ requirements resulted in the SAQ not being completed.

The lack of completing an SAQ makes the University out of compliance with the PCI DSS and potentially puts them at risk of being fined by their acquiring bank or having their ability to accept credit cards revoked. Additionally, there is an increased risk in failure of a control that protects cardholder data entrusted to the University. (Finding Code No. 2023-009, 2022-007)

RECOMMENDATION:

We recommend the University implement procedures to ensure the SAQ and AOC are completed and reviewed on an annual basis.

UNIVERSITY RESPONSE

The University agrees with the finding. The University will continue to make our compliance a priority as it relates to the implementation of PCI Security Standards.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS (CONTINUED)
For the Year Ended June 30, 2023

2023-010. Finding: Untimely Recognition of Equipment Acquisition and Disposals

Western Illinois University (University) did not adjust property records for equipment acquisitions and disposals in a timely manner.

During our testing of equipment acquisitions, we noted 17 of 40 (43%) acquisitions tested, totaling \$729,849, were not recorded in the University's property records within 90 days of acquisition. These items were recorded 1 to 175 days late.

During our testing of equipment disposals, we noted 8 of 25 (32%) disposals tested, totaling \$328,100, were not removed from the University's property records within 90 days after disposal of the equipment. These items were removed 15 to 233 days late.

The Department of Central Management Services (CMS) Property Control Rules (44 Ill. Admin. Code 5010.400) requires agencies to adjust property records within 90 days after acquisition, change, or deletion of equipment items.

The University stated the delay was due to staffing reductions. The University no longer has staff members fully dedicated to Property Accounting.

Inadequate controls over recording equipment acquisitions and disposals in a timely manner can result in inaccurate or incomplete equipment balances on the financial statements and inaccurate calculations of depreciation expense. (Finding Code No. 2023-010)

RECOMMENDATION

We recommend the University record equipment acquisitions and disposals within 90 days after acquisition, change, or disposal of the equipment.

UNIVERSITY RESPONSE

The University agrees with the finding. The University will make efforts to allocate staffing to properly record acquisitions and disposals in a timely manner.

WESTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2023

A. **FINDING** Inadequate Internal Controls over Census Data

During the prior audit period, Western Illinois 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 period, the reconciliation was prepared and no other exceptions were noted related to the June 30, 2021 census data. (Finding Code No. 2022-001, 2021-001, 2020-001)

B. **FINDING** Noncompliance with the *University Guidelines* on Excess Funds

During the prior audit period, Western Illinois University (University) did not adequately comply with the *University Guidelines* on remittance of excess funds.

During the current audit period, the *University Guidelines* were updated and the requirement to remit excess funds was removed. (Finding Code No. 2022-003, 2021-004, 2020-006, 2019-003, 2018-003, 2017-003, 2016-004)

C. **FINDING** Noncompliance with the *University Guidelines* on Subsidies

During the prior audit period, Western Illinois University (University) subsidized operations of University activities between accounting entities during Fiscal Year 2022.

During the current audit period, the *University Guidelines* were updated and the requirement regarding subsidies between accounting entities was removed. (Finding Code No. 2022-004, 2021-005, 2020-007, 2019-004, 2018-004, 2017-004, 2016-006, 2015-007, 2014-006, 2013-006, 12-9)