

**STATE OF ILLINOIS
ILLINOIS STATE UNIVERSITY**

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

**State of Illinois
Illinois State University**

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

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Other Reports Issued Under a Separate Cover

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

**State of Illinois
Illinois State University**

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

University Officials

Interim President (02/17/23– present)
President (07/01/22 – 02/14/23)

Dr. Aondover Tarhule
Dr. Terri Goss Kinzy

Vice President for Finance and Planning Mr. Dan Stephens

Acting Vice President for Academic Affairs and Provost (02/17/23 - present)
Vice President for Academic Affairs and Provost (07/01/22 – 02/17/23)

Dr. Ani Yazedjian
Dr. Aondover Tarhule

Vice President for Student Affairs

Dr. Levester Johnson

Vice President for University Advancement

Mr. Pat Vickerman

Comptroller

Mr. Doug Schnittker

Legal Counsel

Ms. Jeannie Barrett

Director – Internal Audit

Mr. Robert Blemler

Officers of the Board of Trustees

Chair of the Board (02/10/23 – Present)
Chair of the Board (07/01/22 – 02/09/23)

Dr. Kathryn Bohn
Dr. Mary Ann Louderback

Secretary of the Board (02/10/23 – Present)
Secretary of the Board (07/01/22 – 02/09/23)

Dr. Robert Navarro
Dr. Kathryn Bohn

Members of the Board of Trustees

Member

Dr. Kathryn Bohn

Member

Dr. Robert Navarro

Member

Ms. Julie Annette Jones

Member (07/01/22 – 02/09/23)
Member (02/10/23 – Present)

Dr. Mary Ann Louderback
Mr. Scott Jenkins

Member (07/01/22 – 02/09/23)
Member (02/10/23 – Present)

Mr. Robert Dobski
Dr. Lia Merminga

Member (07/01/22 – 07/22/22)
Member (06/16/23 – Present)

Mr. Rocky Donohue
Mr. Darren Tillis

Member (08/08/22 – 11/29/22)
Member (11/30/22 – Present)

Mr. Anthony Byrd
Vacant

Student Member (08/08/22 – Present)
Student Member (07/01/22 – 08/07/22)

Mr. Aselimhe Ebikhumi
Vacant

Office Location

The University's primary administrative offices are located at:
Hovey Hall
Campus Box 1100
Normal, Illinois 61790-1100

**State of Illinois
Illinois State University**

**Schedule of Findings
For the Year Ended June 30, 2023**

Summary

The audit of the financial statement of the Illinois State University (University) was performed by FORVIS, LLP 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 three matters involving the University's internal control over financial reporting that they considered to be material weaknesses.

Item No.	Page	Last/First Reported	Description	Finding Type
Findings (Government Auditing Standards)				
2023-001	5	2022/2018	Information Security Weaknesses	Material Weakness
2023-002	7	New	Lack of Adequate Controls over the Review of Internal Controls over Service Providers	Material Weakness
2023-003	9	New	Weakness in Change Control	Material Weakness

Exit Conference

The University waived an exit conference in a correspondence from Mr. Doug Schnittker, Comptroller on January 31, 2024. The responses to the recommendations were provided by Ms. Erika Jones, Assistant Comptroller, in a correspondence dated February 1, 2024.

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

Independent Auditor's Report

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Illinois 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, fiduciary activities, and the aggregate discretely presented component units of the Illinois 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 have issued our report thereon dated February 7, 2024, which contained an emphasis of matter paragraphs regarding to the implementation of Governmental Accounting Standards Board's Statement No. 96, *Subscription-Based Information Technology Arrangements*, as well as one of the component units ceasing operations. Our report includes a reference to other auditors who audited the financial statement of the Illinois State University Foundation and INTO Illinois State University, LLC, as described in our report on the University's financial statements. The report does not include the results of the other audits' testing of internal control over financial report or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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, misstatement 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 University'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.

Honorable Frank J. Mautino
Auditor General
State of Illinois
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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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2023-001, 2023-002, and 2023-003 that we consider to be material weaknesses.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

University's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. 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 University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Decatur, Illinois
February 7, 2024

**State of Illinois
Illinois State University**

**Schedule of Findings
For the Year Ended June 30, 2023**

Current Findings – Government Auditing Standards

Finding 2023-001 Information Security Weaknesses

The Illinois State University (University) had multiple computer security weaknesses.

The University relies on its computing environment for maintaining several critical, sensitive, and/or confidential systems used to meet its mission.

During testing of University information technology controls, we noted the University:

- Had not developed access provisioning policies documenting the internal controls for all environments and applications.
- Had not developed a policy documenting requirements for an annual review of users' access.
- Had not conducted a review of users' access.
- Had not developed a policy documenting the review of security violation reports to ensure remediation is timely conducted.

In order to determine if proper security controls had been implemented across the University's environment, we requested a population of servers. Although the University provided a population, documentation demonstrating its completeness and accuracy was not provided. Due to these conditions, we were unable to conclude the Office's population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AT-C § 205). Even given the population limitations, we tested the population of servers, noting the University could not provide documentation demonstrating the antivirus and operating system were running the vendors' latest versions.

In addition, our testing noted the University had not:

- Conducted security assessments over its environment.
- Ensured all security operations were properly configured.

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 and Configuration Management sections require entities to maintain proper internal controls over access and security of their environment, applications and data.

Also, 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 IT functions and resources are highly distributed across the institution which require considerably more time to change and improve. University officials also indicated IT is limited in capacity to fully organize the remediation efforts within the portfolio of work efforts required of IT across the institution.

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**Schedule of Findings
For the Year Ended June 30, 2023**

Finding 2023-001 Information Security Weaknesses (continued)

Inadequate controls over changes to the University's environment, applications and data could lead to unauthorized access, unauthorized changes and security risks to its environments, applications and related data. Also, due to the severity of the weaknesses noted, we were unable to rely upon the general IT controls over the environments and applications. (Finding Code No. 2023-001, 2022-002, 2021-002, 2020-003, 2019-001, 2018-002)

Recommendation

We recommend the University implement adequate security, including:

- Approving the updated policies and procedures to (1) reflect the University's current environment and (2) address future changes in processes and new systems; and
- Documenting, during formal user access reviews, the appropriateness of each user's access to the University's applications for all departments;

Additionally, we recommend the University strengthen its controls to maintain a complete and accurate population of servers, update their servers with the vendors' latest versions of antivirus and operating systems, conduct security assessments over its environment, and ensure all security operations are properly configured.

University Response

The University agrees and understands that many of the issues identified are localized to specific departments rather than systemic across the organization. In response, we are committed to developing a comprehensive corrective action plan that addresses each identified issue promptly and effectively. This plan will include targeted strategies for the departments in question, ensuring that we uphold the highest standards of operation and security consistently across our institution.

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**Schedule of Findings
For the Year Ended June 30, 2023**

Finding 2023-002 Lack of Adequate Controls over the Review of Internal Controls over Service Providers

The Illinois State University (University) did not implement adequate internal controls over its service providers.

We requested the University provide a population of their service providers utilized in order to determine if the University had reviewed the internal controls of its service providers. However, the University was not able to provide such a population. Additionally, we noted the University had not developed policies and procedures to ensure their due diligence and monitoring of their service providers. Furthermore, the University did not obtain System and Organization Control (SOC) reports to ensure the internal controls at the service providers had been implemented and were operating effectively.

Due to these conditions, we were unable to determine if the internal controls of the service providers were adequate, and we were required to perform alternative procedures.

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 information technology 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.

Also, 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 that the various functions for holistic service provider management are distributed across various departments without a unifying strategy at this time.

Without having obtained and reviewed SOC reports or another form of independent internal control review, the University does not have assurance the service providers' internal controls are adequate and operating effectively. (Finding Code No. 2023-002)

Recommendation

We recommend the University implement controls to maintain a list of all of their service providers and determine and document if a review of the service providers' internal controls were performed, if required.

Additionally, we recommend the University:

- Obtain SOC reports or perform independent reviews of internal controls for all service providers.
- Monitor and document the operation of the CUECs relevant to the University's operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the University, and any compensating controls.

**State of Illinois
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**Schedule of Findings
For the Year Ended June 30, 2023**

**Finding 2023-002 Lack of Adequate Controls over the Review of Internal Controls over
Service Providers (continued)**

University Response

The University agrees and understands that while our procedures and practices are effective in their defined scope, there is a need for formalized institution-wide policy to ensure consistency in all environments. In response, we are committed to developing a comprehensive corrective action plan that results in the development and implementation of change management governance.

**State of Illinois
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**Schedule of Findings
For the Year Ended June 30, 2023**

Finding 2023-003 Weaknesses in Change Control

The Illinois State University (University) did not maintain adequate internal controls over changes to its environment, applications and data.

The University had not developed a change management policy documenting the internal controls over changes to its environment, applications and data. In addition, the University had not implemented a formal Change Management Board.

Further, the approval for changes, including emergency changes, prior to being implemented into production was not maintained.

Lastly, the University was unable to provide documentation demonstrating the population of system developers and individuals with administrative rights was complete and accurate. 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 (AU-C § 330, AT-C § 205). Even given the noted limitations, we tested the system developers and individuals with administrative rights, noting no exceptions.

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 Management section, require entities to maintain proper internal controls over the changes to the environment, applications and data.

Also, 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 lack of recent review and assessment of change management procedures and practices resulted in the noted gaps developing.

Inadequate controls over changes to the University's environment, applications and data could lead to unauthorized access, unauthorized changes and security risks to its environments, applications and related data. Also, due to the severity of the weaknesses noted, we were unable to rely upon the general IT control over the environments and applications. (Finding Code No. 2023-003)

Recommendation

We recommend the University implement adequate policies and procedures over changes to the University's environment, applications and data. We also recommend the University maintain documentation that changes are properly approved prior to implementation.

Further, we recommend the University strengthen its controls in maintaining a population of system developers and individuals with administrative rights.

University Response

The University agrees and understands that while our procedures and practices are effective in their defined scope, there is a need for formalized institution-wide policy to ensure consistency in all environments. In response, we are committed to developing a comprehensive corrective action plan that results in the development and implementation of change management governance.

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**Schedule of Findings
For the Year Ended June 30, 2023**

Prior Findings Not Repeated

A. Finding – Inadequate Internal Controls over Census Data

During the prior engagement, the Illinois State University (University) did have inadequate internal controls over census data. (Finding Code No. 2022-001, 2021-001, 2020-001)

Status: Implemented

During the current engagement, no errors with significant financial impact were noted and the errors noted will be considered in the state compliance examination.

B. Finding – Improper Calculation of Net Investment in Capital Assets

During the prior engagement, the Illinois State University (University) did not properly report net investment in capital assets. (Finding Code No. 2022-003)

Status: Implemented

During the current engagement, the auditors' testing did not identify any instances where the University failed to properly report net investment in capital assets.