

# 04-29-2025-Legislative-Audit-Commission-Meeting

## LEGISLATIVE AUDIT COMMISSION

April 29, 2025

Springfield, Illinois

Senators: Rose, Ellman, Manley, Wilcox, Villanueva

Representatives: Crespo, Elik, Meier, Moore

Meeting began at 9:12 a. m.

**Crespo:** Good morning, everyone, it's Tuesday, April 29th, 2025. I'm Representative Fred Crespo and I call to order this meeting of the Legislative Audit Commission. Let me acknowledge the presence of the Audit Commission members today. We have Representative's Elik, new member Meier, Representative Meier, new member, Representative Moore, Senator Ellman, Senator Manley, Senator Wilcox, Senator Villanueva. Am I missing anybody? I think I've got them all. And today is an in-person meeting only, LIS is recording and The Blue Room is streaming. It's providing video and audio, so the public and media could be listening online. Just a note for University or Agency officials and members, for transcribing purposes, please allow speakers to finish before the next question is asked. And please do your best to avoid talking over each other.

Our audits today are for Eastern Illinois University, The Illinois Board of Higher Education, and The Illinois Community College Board. The first review is of Eastern Illinois University. President Gatrell and other officials, please make your way to the table. And the Auditor General.

**Mautino:** Thank you, Mr. Chairman. And welcome back to the members of the Audit Commission, and welcome Representative Meier. Also wanted to introduce our new Director of Financial and Compliance, Courtney Dzierwa. Jane Clark retired

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1 this year, and Courtney is having, is here for her first, not your first meeting, but your  
2 first meeting as Director. So, I wanted to welcome you and thank you for bringing some  
3 of our new auditors to see how their work is used here under the dome. So, welcome  
4 guys.

5 And with this, our first audit today is a compliance examination of  
6 Eastern Illinois University for the year end June 30, 2023, and it was conducted by the  
7 firm of Sikich. Meredith Angel is at the table with us, and she's here on behalf of the  
8 firm. Our Audit Manager for this audit was Tom Kizziah, and Courtney is going to  
9 discuss the examination.

10 **Dzierwa:** There were 10 total findings in this compliance examination. I will  
11 summarize a few. In finding 6, we found the University had weaknesses over the  
12 security of computers. As of the end of the examination period, we noted 1,546 of  
13 2,756, or 56%, of computers still required encryption to be installed. This finding was  
14 first reported in 2021. We recommended the University ensure all laptops and computer  
15 equipment have adequate security, including encryption, installed. University officials  
16 agreed with the finding, and stated they prioritized and completed encryption of high-risk  
17 areas and were in the process of replacing computers that were not capable of  
18 encryption.

19 In finding 10, we found the University did not comply with the  
20 University Faculty Research and Consulting Act regarding outside research or  
21 consulting services. During our testing of eight completed forms by eight employees  
22 requesting approval for outside employment, we noted the following exceptions. Three  
23 of the eight forms tested, or 38%, were not submitted by faculty prior to beginning  
24 outside service. These requests were made between 5 and 53 days after the outside  
25 employment began. Due to late submissions, these forms were also not approved by  
26 the University's President, or designee, timely. Two of the eight forms tested, or 25%,  
27 were submitted timely, but were approved after the outside employment began from 2 to  
28 68 days late. And eight of eight employees, or 100%, whose outside employment ended  
29 during the fiscal year, did not complete the required annual statement identifying the

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1 amount of actual time spent on outside work. We recommended the University enhance  
2 its internal controls to ensure faculty members with outside research or consulting  
3 services receive written pre-approval to conduct the request activity and annual  
4 disclosure time spent on these activities in accordance with the act. University officials  
5 agreed with the finding, and stated they continue to send regular emails to full time  
6 faculty to remind them of their obligation under the act.

7 This concludes our opening remarks on the compliance  
8 examination of Eastern Illinois University for the year ended June 30th, 2023.

9 **Crespo:** Thank you, Auditor. Before I forget, I also want to welcome our new  
10 Director here from the Legislative Audit Commission, that's Jaimee Ray. Jaimee's been  
11 with State Government for quite some time. I've known of her, but I had not realized that  
12 once she took this position, she has a fan club out there. It's amazing how many people  
13 know her and think very highly of her. So, we're very lucky to have her. And with that,  
14 thank you again Auditor, and welcome President. Please introduce yourself and those  
15 who came with you. And the floor is yours.

16 **Gatrell:** Good morning and I thank you for inviting us to Springfield to  
17 answer your questions. My name is Jay Gatrell and I have the honor of serving as the  
18 President of Eastern Illinois University. I'm joined today by Mr. Matt Bierman, Vice  
19 President for Business Affairs, and Mr. Mike Hutchinson, University Treasurer. As  
20 President, I can assure you that EIU is committed to continuous improvement and we  
21 look forward to enhancing university operations and responding to your concerns. To  
22 that end, EIU's fiscal year 23 audit period included 10 findings, and I'm pleased to report  
23 that four of those findings have been resolved based on the fiscal year 24 review  
24 through changes in local practices that align with state priorities, procedures, and rules.  
25 I recognize that we have work to do, and we look forward to our continued partnership  
26 with the Auditor General's office. More importantly, EIU benefits from, and truly values,  
27 the independent assessment of outside audit firms, as it enables us to enliven our  
28 commitment to the citizens of the state of Illinois, our employees, and our amazing  
29 students. Thank you.

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1 **Crespo:** Any questions from the Commission? Representative Elik.

2 **Elik:** Good morning. I just wondered if you could expand on the four  
3 audit findings that you have completed. Just so that we have note of that.

4 **Bierman:** Yes. So, the four that . . . my name is Matt Bierman, I'm the Vice  
5 President for Business Affairs. The four that were not repeated include audit finding  
6 number two, weakness in preparation of year-end financial statements. Number audit  
7 finding three, the lack of adequate review of service providers and internal controls.  
8 Audit finding number seven, weaknesses in cyber security programs and practices. And  
9 audit finding 10, which was referenced earlier regarding the University Faculty Research  
10 and Consulting Act.

11 **Elik:** So, you're saying those were, you've handled those. They're not  
12 going to recur in the future unless there's some change in the . . .

13 **Bierman:** That is correct. We put in the controls we believed we needed to.  
14 They did not repeat in the FY24 finding. And we're hopeful that they wouldn't repeat in  
15 FY25.

16 **Elik:** Okay, and then maybe on some of the ones that are repeated from  
17 prior, I know it seems like everybody that comes, not everybody, but many that come  
18 before us have issues with the reconciliation of SERS information. Have you undertaken  
19 steps to make sure that your census data is accurate?

20 **Bierman:** Yes, and I'm pleased to report that we were behind the eight ball on  
21 this. We have made up a tremendous amount of ground. We will expect an additional  
22 finding for FY25, just because of the timing, but just in the last month, we have  
23 submitted the census data for FY23 and FY24, which will bring us current. We are still  
24 answering questions from SERS about our submission, but those have been submitted.  
25 I would expect that this will fall off for us in FY26.

26 **Elik:** That's great, okay. And then one of things that was mentioned in  
27 the opening was the controls over the computer systems and basically the cyber

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1 security, right? So, have you, what have you undertaken to get all those computers in  
2 compliance? And can you talk about the cost incurred to replace computers? Was that  
3 an unusual cost or did you have that built into your . . .

4 **Bierman:** It was an, yeah, sorry. It was an unusual cost. And Microsoft was  
5 actually forcing us to speed that up, and they've softened their deadline. It was October  
6 of '25 where we had to have that done. They've pushed their deadline back, so we  
7 actually pushed our deadline back as well, just simply to conserve fiscal resources and  
8 prioritize them in a different way on campus. But we still are on track. And we would  
9 expect that sometime during FY27 we will be in compliance with those security  
10 measures. And as was mentioned, we continue to prioritize our highest vulnerable  
11 areas. Right now, we have many of the computers that are still listed are ready for  
12 surplus. So, we're trying to prioritize getting those surplus, so they'll fall off our list.  
13 And then we have a new plan on campus for, and how we're sourcing, or a replacement  
14 cycle for all computers. So, we're trying to catch the oldest, not just those who maybe  
15 are the squeaky wheel that say I need a new computer.

16 **Elik:** Very good. Thank you so much. That's all my questions.

17 **Crespo:** Thank you. I wanted to add to our roll, Senator Chapin Rose, our  
18 Co-Chair. And Senator Wilcox for questions.

19 **Wilcox:** Thank you. In regards to taking action on audit finding 10, great that  
20 the internal controls are now in place, but would address whether you found any faculty  
21 not in compliance with the statute.

22 **Bierman:** I don't believe that we have knowledge of anybody who's not in  
23 compliance. But we rely on our faculty to self-report on this. So, what we have done is  
24 to make sure that the communication goes out to our faculty letting them know that they  
25 need to comply. But we do rely on our faculty to ensure that we are in compliance with  
26 this. We do not have a way to know, for sure, if all faculty have submitted their  
27 paperwork on a timely basis, or on a timely basis.

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1 **Wilcox:** Let me ask that a little bit differently. What are you doing to ensure  
2 that true compliance and not [inaudible] [No microphone usage]

3 **Hutchinson:** Mike Hutchinson, University Treasurer. Senator Wilcox, we send  
4 out emails to them, I think, twice a semester, or twice a year, I'm sorry, at the beginning  
5 of each semester to let them know what their obligations are. Those come out of the  
6 Provost Office. We also have an automated system for them to self-report, but that's  
7 kind of where it stands.

8 **Gatrell:** I would say the challenge with compliance with that piece is not  
9 only the self-reporting element, but five years ago, we did not have an electronic  
10 framework to do that reporting. We now do. We now archive and have a live database,  
11 so we know faculty who are engaged in that work, so we can then follow up as quickly  
12 as possible to get the end data because compliance with this particular rule in a  
13 voluntary environment on the part of faculty is extraordinarily difficult. It has also been  
14 something we brought to the attention of our UPI partners because our faculty are  
15 negotiated and it is a challenge. But the nature of compliance in a self-reporting  
16 environment, particularly within the context of 37 and half hours of effort, and the nature  
17 of faculty work, is a challenge. But it is something I acknowledge we can improve at and  
18 I think every university probably can also have an opportunity to improve in that area  
19 too.

20 **Wilcox:** So, no contracting with an outside investigator [inaudible] [No  
21 microphone usage]

22 **Gatrell:** If a faculty member is on a contract or a research grant, we of  
23 course know that. That would be within the context of actual their current employment,  
24 and not necessarily outside employment. So, if they're working with a state agency, or  
25 Fish and Wildlife Service, we would have that information. The challenge is truly  
26 consulting outside and beyond the 37 and a half hours. And the degree to which we can  
27 effectively comply, either from negotiation of a collective bargaining agreement, and or  
28 other factors. It is a challenge, and it is, obviously, something we're addressing, and  
29 that's why we built the electronic system five years ago, to begin that process. I would

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1 suggest, before we had the electronic system, I think we probably only had two faculty  
2 members reporting annually. And we've really tried to strengthen that as best we can.  
3 But it is a weakness, sir.

4 **Crespo:** Any other questions from the commission? And apologize, I got a  
5 little bit distracted here. Did anyone ask a question about audit number five? Which has  
6 to do with the Illinois Articulation Initiative Act?

7 **Elik:** We didn't.

8 **Crespo:** You did?

9 **Elik:** No, we didn't.

10 **Crespo:** Okay. Can you speak to that finding?

11 **Gatrell:** Representative, thank you. The Illinois Articulation Initiative,  
12 obviously, is a partnership across all institutions, particularly public institutions, across  
13 the state. Our challenge, with respect to the audit finding has been, we do not  
14 necessarily have courses that align with, and we don't have the capacity to create new  
15 courses. We've submitted multiple submissions to various panels, and they have not  
16 been accepted. Additionally, we've worked to restaff those panels with our own faculty,  
17 and our participation rate has improved over the last few years too, from a governance  
18 perspective. But, we 100% accept the GECC you see, the challenge, of course, is in the  
19 major based framework.

20 **Crespo:** So, we can expect to see this again?

21 **Gatrell:** Yes, sir.

22 **Crespo:** How about audit number four, which has to do with the State  
23 Official Employees Ethics Act, it seems that the university has been non-compliant since  
24 2005.

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1 **Gatrell:** That is correct. We are in compliance for everyone except for our  
2 negotiated faculty unit who have not agreed to that in the collective bargaining  
3 agreement. We ask for it each time we begin to negotiate, but that has not been a term  
4 that we have come to an agreement on in that agreement. So, our faculty are the group  
5 that makes us out of compliance. All of our other employees subscribe and participate in  
6 our timely reporting.

7 **Crespo:** Has the university sought any type of statutory exchange to allow  
8 you to . . . otherwise, you'll continue to have this finding at infimum. Are you looking at  
9 any legislation to alleviate those?

10 **Bierman:** We have not to date requested or tried to get any legislative change  
11 to this particular act.

12 **Crespo:** Okay, any other questions from the Commission? Seeing no more  
13 questions, we . . . Senator Rose?

14 **Rose:** Thank you, just following up on that. I think every university has got  
15 that same audit finding and has had that same audit finding since '05. If I'm not correct,  
16 there was an effort at some point in time to legislatively address that. I know Matt,  
17 you've only been at Eastern for a couple of years, but there was an effort to address it.  
18 But I don't think it went anywhere. I mean, personally, either the faculty should comply  
19 or it shouldn't be a law. But, Eastern's not unique in that.

20 To the previous question, with articulation initiative, I think it's  
21 important that we note that the problem with the audit is that you can't just go and  
22 create a geology course if you don't have a geology professor. And so, the articulation  
23 initiative might say, well you're required to have this. Well, they, like all our universities,  
24 don't have 100% of everything. And so, all of our universities end up with these two  
25 findings repeated time and again, even though it's really, at least in the articulation  
26 initiative, it's really unfair. On the timesheet one, I'm a little bit more like they should  
27 comply. But, anyway, I thought that's maybe perspective that needed to be shared.  
28 Thank you.



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1 **Crespo:** Senator Rose has all this knowledge because he's been around  
2 since 1898, I guess. And seeing no more questions, Representative Elik moves to  
3 accept the compliance audit of Eastern Illinois University, seconded by Senator Ellman.  
4 All in favor, say aye, opposed say, nay. The ayes have it, and the audits are accepted.  
5 Thank you, President Gatrell, for joining us today. And next we have the Board of  
6 Higher Education, Director Austro [SP], and other board staff, please make your way to  
7 the table. And with that, Auditor General.

8 **Mautino:** Thank you Mr. Chairman. Up next is the compliance examination  
9 for the Board of Higher Education for two years ended June 30, 2023. It was conducted  
10 by the firm of Roth and Company, Epifanio Sadural and Tiffany Floresca are here on  
11 behalf of the firm. The audit manager for the engagement was Megan Greene. She's  
12 with us today. Courtney Dzierwa, our Financial Compliance Division Director will  
13 discuss the examination. Courtney.

14 **Courtney:** There were 17 total findings in this compliance examination. I will  
15 summarize a few. In finding 1, we found the Board's internal controls over its voucher  
16 processing function were not operating effectively during the examination period. The  
17 Board implemented the Enterprise Resource Planning System or ERP effective fiscal  
18 year 2023. During our testing of non-payroll expenditures for FY22, we tested 25  
19 vouchers totaling \$324,193.00 and found two of the vouchers tested or 8% totaling  
20 \$12,080.00 were not supported with vendor's invoices. Nine of the vouchers tested or  
21 36% totaling \$110,682.00 were approved for payment between two to 282 days late.

22 Two of the vouchers tested or 8% totaling \$29,311.00 were paid  
23 late and the Board did not pay interest owed to the vendors totaling \$1,736.00. During  
24 our testing of 30 awards and grants vouchers totaling \$1,483,042.00 for fiscal year '22,  
25 we noted one of the vouchers tested or 3% totaling \$23,959.00 had no approval form  
26 the Board head or designee. Four of the vouchers tested or 13% totaling \$305,149.00  
27 were approved for payment between 34 and 111 days late. For testing FY23, we were  
28 able to rely on the processing integrity of the ERP system; therefore, we were able to  
29 limit our voucher testing at the Board to determine whether certain key attributes were

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1 properly entered by the Board staff into the REP. In order to determine the operating  
2 effectiveness of the Board's internal controls related to voucher processing and  
3 subsequent payment of interest, we selected a sample of key attributes to determine  
4 they were properly entered into the REP system based on supporting documentation.

5                   The attributes selected were vendor information, expenditure  
6 amount, objects of expenditure, and the later of the receipt date of the proper bill or  
7 receipt date of the goods and/or services. We noted 14 of 140 general vouchers or 10%  
8 and five of 120 awards and grants vouchers or 4% for those items the key attributes  
9 were improperly entered in the ERP system; therefore, the Board's internal controls  
10 over voucher processing were not operating effectively. Due to this condition, we  
11 qualified our opinion because we determined the Board had not complied in all material  
12 respects with applicable laws and regulations including the state uniform accounting  
13 system in its financial and fiscal operations.

14                   Even given limitations noted, we conducted an analysis of the  
15 Board's expenditure data for fiscal year '23 and noted the following noncompliance: The  
16 Board owed five vendors interest totaling \$1,009.00 in fiscal year '23 but has not  
17 approved these vouchers for payment to the vendors. And the Board did not timely  
18 approve 295 of 327 or 90% of the vouchers processed during the examination period  
19 totaling \$10,350,037.00. We noted these late vouchers were approved between 1 and  
20 324 days late.

21                   We recommended the Board design and maintain internal controls  
22 to provide assurance its data and trade of key attributes into ERP is complete and  
23 accurate. Further, we recommended the Board approve proper bills within 30 days of  
24 receipt, approve vouchers for payment of interest due to vendors, and ensure interest  
25 due is paid. The Board agreed with the finding and stated it has obtained additional  
26 training and hired additional staff to ensure vouchers are processed properly in the state  
27 ERP system.

28                   In finding 2, we found the Board's internal controls over its receipt  
29 processing function were not operating effectively during the examination period. For

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1 fiscal '22 testing, we noted 1 of 4 refund receipts tested totaling \$15,000.00 did not have  
2 the date when the receipt was received by the Board. As such, we were unable to  
3 determine if the Board deposited the receipts in a timely manner. As with finding 1, we  
4 were able to rely on the ERP system and limit our receipt testing at the Board to  
5 determine whether certain key attributes were properly entered into the ERP system.  
6 We selected a sample of key attributes to determine if they were properly neutered into  
7 the system based on supporting documentation. The attributes tested were amount, the  
8 funds being deposited into, date of receipt, date deposited, and SAMS source code.  
9 During our testing of 28 receipts during the year, we noted 79 of 140 or 56% of  
10 attributes were not properly entered in the REP system; therefore, the Board's internal  
11 controls over receipt processing were not operating effectively.

12                     In addition, during our testing of 20 refund receipts during the year,  
13 we noted 32 of 80 or 40% of attributes tested were not properly entered into the ERP  
14 system; therefore, the Board's internal controls over receipt processing were not  
15 operating effectively. Due to this condition, we qualified our opinion because the Board  
16 had not compiled in all material respects with applicable laws and regulations including  
17 the state's uniform accounting system in its financial and fiscal operations. Even given  
18 these limitations, we conducted an analysis of the Board's receipt data for fiscal year '23  
19 and noted the Board's receipt data did not document the date on which the payment  
20 was received for 1,180 of 1,203 or 98% of receipts tested. As such, we were unable to  
21 determine if the Board deposited the receipts in a timely manner. We recommended the  
22 Board design and maintain internal controls to provide assurance that its data entry of  
23 key attributes into the ERP system is complete and accurate. The Board agreed with  
24 the finding and stated it has obtained additional training to ensure transactions are  
25 processed properly.

26                     This concludes our opening remarks on the compliance  
27 examination for the two years ended June 30th, 2023 for the Illinois Board of higher  
28 Education.

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1 **Crespo:** Thank you to the Auditor General and the Staff. Director, please  
2 introduce those at the table with you and then you can start with your opening remarks.

3 **Ostro:** Thank you very much. I'm Ginger Ostro, Executive Director of the  
4 Illinois Board of Higher Education. I'm joined by Dave Kelm, our Chief Operating Officer  
5 and general counsel. Obviously, there's some serious and significant findings in this last  
6 audit, and I'd like to share with you a little bit about the systems and structural changes  
7 we've made to address this so these do not recur. As the agency had taken on more  
8 responsibilities during this timeframe, we realized that we needed not just to address  
9 the specific findings but to address significant restructuring in the agency providing  
10 additional leadership over these areas as well as staff level support.

11 First, we created a Chief Financial Officer position, separate from  
12 our higher education budgeting and reporting responsibilities. They had been combined  
13 during this period. We had a CFO for two years and then we had turnover. We have just  
14 recently hired a new Chief Financial Officer. For the finance staff, we increased during  
15 this time period we only had two staff in the finance area responsible for all of these  
16 functions. We now have 6.5 including two and a half FTEs focused specifically on the  
17 budget and grants financial reporting responsibilities, two assistant chief accountants for  
18 reporting ensuring we're compliant with the GATA requirements, reconciliations, GAAP  
19 reporting, asset inventory and reporting. We've added an accountant, one to assist in  
20 voucher processing. Additionally, we've divided up the job responsibilities so that they  
21 are much clearer and there aren't so many responsibilities put on any one position that  
22 will help increase timeliness and accuracy and what we've seen to date.

23 Also, during this audit timeframe, we were implementing the state's  
24 SAP accounting system. So, for part of fiscal '22, the end part of fiscal '22, we were  
25 working on implementation, again, with two employees. As SAP was being  
26 implemented, they told the staff they had to dedicate at least 40% of their time from the  
27 period. I think we started February 1st until July 1, so we were implementing SAP along  
28 with managing all of our financial responsibilities.

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1                   As we began fiscal '23 and many of the data entry attributes were  
2 part of the learning process for the staff as we were staffing up to implement SAP. So,  
3 we believe that now with the additional training, additional experience, implementation  
4 of SAP and the additional staff and new divisions of responsibilities that we will have  
5 made progress in these accounting areas.

6 In addition, we have taken steps to address all the other systemic findings. Our new  
7 CFO initiated a full internal review and responses to all of the items in the audit and are  
8 providing an update. We identified a number of changes including implementing a new  
9 master reporting tracking document so that we have a list of all of our statutory  
10 mandated reports, and we have the dates that they are due. Our CFO now sends out a  
11 report to all staff for the upcoming two months so we know what reports are due and  
12 expected to address the timeliness of reports.

13                   We've updated several travel related procedures to ensure that we  
14 have appropriate and timely travel requests. For example, we have a new travel inbox  
15 so that as employees request travel, on an approval of their supervisors, that is also  
16 documented through the email inbox so that our finance staff know that the travel has  
17 been approved and have timing to track when vouchers should be turned in.

18                   We engaged CROW through the state's master agreement to  
19 assist, and this was several years ago, to assist with our GAAP reporting and to ensure  
20 that our documents are accurate. The asset inventory process has been clarified and  
21 the documents reconciled. We have a new person responsible for the asset inventory  
22 tracking, and we will begin to use the SAP asset module which is available for that  
23 purpose. We've implemented new HR procedures to ensure timely workforce reporting,  
24 employee training, and onboarding. We are currently implementing and finalizing the  
25 new evaluation instrument that's been identified, and IBHE implemented a new  
26 employee handbook, which each employee has had to sign and it outlines procedures  
27 for time travel and other core responsibilities.

28                   Our IT department has been working to create and implement  
29 procedures and controls that comply with all the required standards. And finally, IBHE

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1 and grantee communication has been greatly enhanced with reminders of reporting  
2 requirements and deadlines, and regular engagement with our grantees. A grants  
3 management procedure manual is underway and will be completed during fiscal '25. So,  
4 I hope you can see that we have taken the findings in this audit extremely seriously and  
5 have taken significant steps to address them and to ensure that the agency is in  
6 compliance with all requirements going forward. Thank you for the opportunity to share  
7 this information with you, and we're happy to answer any questions.

8 **Crespo:** Thank you Director for your thorough opening statement and with  
9 that we open it for questions from our commission members. Representative Elik.

10 **Elik:** Good morning, I might work a little backwards here but I know I had  
11 some questions about some individual findings. Finding 15 found that 87% of employee  
12 timesheets tested were completed 2 to 167 days late. How is it possible to complete a  
13 timesheet 167 days late and still get paid? How does that occur?

14 **Ostro:** Yes, we clearly had an employee that was not in compliance with  
15 the time reporting. We have added the requirement that employees complete their  
16 timesheets weekly to the employee handbook, which they have to sign and certify. I'll let  
17 Dave speak to what would happen if somebody then doesn't complete the timesheets  
18 and managers are held responsible and are told that they need to review and approve  
19 them weekly. Dave.

20 **Kelm:** Thank you for the question, Representative. We have updated as  
21 the Director said, our employee responsibilities and . . .

22 **Crespo:** Dave? Dave, can you please state your name for the record?

23 **Kelm:** Of course. I'm sorry, Mr., Chairman. Dave Kelm, K-E-L-M. I'm the  
24 COO and general counsel for the Illinois Board of Higher Education. Again,  
25 Representative, we have updated our employee handbook to identify the responsibilities  
26 that those employees as well as their supervisors are responsible for. It's my  
27 understanding that before I arrived at the agency and before our new HR Director  
28 arrived at the agency, that those core responsibilities had not been properly

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1 communicated to everybody. And so, at this time, for the last 18 months approximately,  
2 we have been vigilant in communicating those responsibilities to our employees and our  
3 managerial staff. Our HR Director communicates on a very regular basis about their  
4 travel requirements and their time keeping requirements, and updates those employees  
5 that may for a slip of the mind or maybe they were traveling and they have forgotten to  
6 submit their time, she's vigilant in making sure that they do that so that we are in  
7 compliance.

8 **Elik:** So, if I'm assuming these are salaried employees whose paycheck  
9 doesn't change from week-to-week then? Is that correct?

10 **Kelm:** That's correct.

11 **Elik:** I mean in my office, my employees make sure they submit their  
12 timesheets to me immediately on the last day of the pay period or else I guess they  
13 wouldn't get paid, but they're continuing to get paid even though they haven't submitted  
14 a timesheet it seems like during this time. Is that correct?

15 **Kelm:** That's correct.

16 **Elik:** Okay and that is something that will not repeat going forward?

17 **Kelm:** I assure you that our attempt is to not have that repeat.

18 **Elik:** Thank you. Then I think just a general question related to the  
19 issues with entering attributes into the ERP system both on receipts and on vouchers.  
20 Was there a lack of training involved there or was it a lack of will? What was really the  
21 reason for continued failure to enter the correct information to the system?

22 **Ostro:** I think it was lack of training and expectations on employees in this  
23 case. Again, I mentioned we only had two that were just excessive, that we had too  
24 many things that we were expecting an employee to do while standing up a new  
25 accounting system. As I've mentioned, we added employees, divided up that  
26 responsibility, provided additional training, and we believe that our information is under  
27 and SAP is now current and accurate.

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1 **Elik:** Okay, thanks. I guess then you mentioned training of employees  
2 and then turnover being a main issue during this time period related to either task not  
3 being done to being done well like you said. Now you also mentioned that you've hired  
4 some additional staff to help balance the workload and since you've added those staff,  
5 is your turnover issue still continuing?

6 **Ostro:** We have not seen as significant a turnover as we did at the time,  
7 particularly in late 2021. We saw long standing employees that had been at the agency  
8 for decades retire, and as we brought on new employees at that time, we had that gap  
9 period there so that would be kind of early in fiscal 2022. Since then, as we've brought  
10 on employees, we've had some turnover but the majority has been stable, particularly in  
11 areas of grants management, our accounting reporting, and some of the new positions.  
12 And we've united to expand and add additional staff.

13 **Elik:** What is your overall headcount for your department?

14 **Ostro:** Pardon me?

15 **Elik:** What's your overall headcount?

16 **Ostro:** We currently have about, I would say, I think it's 45 employees'  
17 total.

18 **Elik:** Okay, thank you. That gives me some idea of how much we're  
19 talking about that is related to finance.

20 **Kelm:** Do you mind if I clarify real quickly. At the beginning of this audit  
21 period, we were at 32. So, we have beefed up to actually, as of today, not to correct the  
22 Director, but we're at 48.5.

23 **Elik:** Thank you. Thanks, that helps a lot. I think I'll just leave it at that.  
24 Thank you.

25 **Crespo:** Just a follow up. In terms of employees, what are you budget for?



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**Ostro:** Our authorized head count is 60 and we are in the process of additional hiring and we have been for the last year.

**Crespo:** So you're at 60 and how many current employees do you have?

**Kelm:** We are at 48.5 currently, Mr. Chairman.

**Crespo:** Okay, thank you. Senator Rose for questions?

**Rose:** I have one quick one for the auditor and then I'm going to follow up with the agency. The \$23,959.00 finding that did not have approval before it was paid under the awards and vouchers section, what was that for? What was the \$23,000.00 for? It's finding 01.

**Green:** Hi, this is Megan Greene with the Office of Auditor General. I'm the statewide single audit manager. We don't have the exact specific vendor that it was for, but it was an awards and grants voucher. So, I'm going to assume that it was a payment to a college under the 4400-appropriation line item for award and grant.

**Rose:** Okay, I guess that's the question then. Do we know that it was actually an authorized expenditure even if it didn't have the authorization?

**Courtney:** We are happy to pull some additional details and provide those to you after the meeting.

**Rose:** Thank you. To the agency, let's take a step back. I believe in your tenure you've come from the Chicago City Finance Office. You're Assistant Director of GOMB. You are the Director of GOMB. You were Interim President or maybe even President of Chicago State for some short period of time and now you're here. Yet we've gone from three audits to 11 audits to 17 findings. What's going on? And don't tell me you didn't know.

**Ostro:** During the timeframe and included in this audit, the agency has gone through significant changes and as we had staff turnover during the pandemic, as we saw long standing employees leave, we had responsibilities on too few staff that we

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1 have now changed and addressed and we were expanding and talking on more  
2 responsibilities and growing our staff at the same time. I think we saw significant  
3 challenges in that. We recognize that and that's why we provided and have changed the  
4 leadership structure of the agency and the staffing structure and the finance department  
5 have added a new experienced CFO to ensure that these findings do not recur. This is  
6 something we take extremely seriously and have made significant changes to address  
7 these findings.

8 **Rose:** So since 19, FY19, which would include the pandemic you just  
9 referred to, we show you've lost three staff members. Is that the significant turnover you  
10 were just referencing?

11 **Ostro:** Let me check, we've had, I believe we had 12 staff members leave  
12 the agency, but are happy to provide additional information on staff turnover.

13 **Rose:** I just don't . . . usually when we see this, we see people trying to  
14 make improvements over time and we ask tough questions, but then we see you're  
15 going the right direction and we back off. You being former Director of GOMB know  
16 darn well this is the wrong progression, and whatever the numbers on the staff turnover,  
17 like this is not a good look. And you're asking the state right now . . . well I guess you'll  
18 say the legislature's contemplating, but you've led a multi-year effort that would allow . .  
19 . that culminates in legislation this spring, to hand you guys essentially a very large  
20 check and trust you to get the dollars out the door to all of four-year institutions. Yet  
21 we're 87/90% what the figure was of bills that weren't paid timely. So why should the  
22 institutions we represent believe that you can accomplish this task?

23 **Ostro:** We've made significant changes in our leadership structure to  
24 ensure that we have proper oversight in each of the different areas. We have added  
25 additional staffing with dedicated staff to ensure that our grants are properly  
26 administered from both a financial and a programmatic aspect to make sure that we are  
27 completing the institutions and agencies who receive our funding are completing reports  
28 timely. We've added staff in our fiscal area to make sure that from the fiscal perspective  
29 the grants are being handled well, that we have divided up responsibilities to make sure

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1 that our voucher processing is timely. As we look at most recent information, our aging  
2 report shows that our vouchers are being paid on average at 12 and a half days. As  
3 we've looked at our recent debt transparency act reports, which are submitted monthly,  
4 we don't see vouchers being carried over from month-to-month, which means they're  
5 being paid within the timeframe that is required unless there is some particular issue.  
6 So, we have seen evidence and with the changes that we have made that our  
7 processes have been improved and that we are complying with the statutory  
8 requirements.

9 **Rose:** Do you know what the \$23,952.00 voucher was that I asked the  
10 auditor about it at the opening?

11 **Ostro:** I don't. I don't have that information with me, but again, we can find  
12 out.

13 **Dave:** If I may Senator, our CFO has asked for that specific information  
14 from his team and also from the Auditor General's Office, and we'll get that for you.

15 **Rose:** Okay. I'm not going to belabor the point, but this is just, I mean right  
16 track, wrong track. This is so wrong track it's off the charts and frankly I hear what  
17 you're saying now, but we've got a six-year trim line moving in the wrong direction. A  
18 five-year trim line moving in the wrong direction and is the next audit going to have this  
19 many finding?

20 **Ostro:** We don't anticipate that it will. We believe we've made the  
21 structural changes, put in place the personnel, changed job duties and responsibilities,  
22 tightened up what our expectations are of employees that these issues that we're  
23 seeing here will not repeat.

24 **Rose:** To the auditor, I know you expressed a modified opinion. I just want  
25 to be clear there's nothing in your opinion that would suggest potential malfeasance,  
26 right? It's just sort of negligence?

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1 **Courtney:** We did issue a modified opinion on compliance. We did not identify  
2 any issues that you indicated.

3 **Rose:** Negligence isn't good. Okay, thank you.

4 **Crespo:** By the way, if you are submitting information to the Senator, please  
5 send that to Jaimee Ray and we'll make sure that he gets it and the rest of the members  
6 will get a copy as well. I have some follow up questions on the issues you brought up.  
7 Senator Wilcox for questions.

8 **Wilcox:** Yes, this question I guess is kind of related to audit issue #2, but  
9 during last year, your submitted ISLs for salary projections were included there. There  
10 were a number that were raised from FY24. That's not the concern. The question is  
11 when you came before approps and submitted your ISLs this year, half of the 10 highest  
12 paid employees had substantial increases in salary compared to what you submitted  
13 last year for the appropriations ranging from 5% to 14% increases. Could you address  
14 what went on in FY25 and what those salary increases were for?

15 **Ostro:** Yes, it's related to two different areas that we were trying to correct  
16 in fiscal 25. First, we did not provide the same level of increases as was ultimately  
17 negotiated for other state agencies in fiscal '24. So, part of our adjustments in fiscal '25  
18 are kind of a catch up to ensure that we're treating our employees similarly to  
19 employees across the state government. Secondly, actually there were three issues.  
20 Secondly, we made a number of staffing adjustments in our leadership positions as I  
21 mentioned, which lead to promotional increases and third, part of our leaf around  
22 turnover was because we did not have competitive salaries, and so we made  
23 adjustments to our overall salary structure to bring it more in line with what we saw  
24 elsewhere in state government. All that happened in fiscal '25.

25 **Wilcox:** Thank you.

26 **Crespo:** So, it has been my experience that often times when we see many  
27 findings, it has to do with the fact that agencies are not adequately staffed, right. Let me

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1 go back to your 60 budgeted headcount and I believe you said you're at 48.5, correct?  
2 Number one, do you have to go through CMS to hire your employees?

3 **Ostro:** We do not, no. We're under the state university civil service system.

4 **Crespo:** So, you're off around 12 employees. What was it last year? Was it  
5 the same gap, around 12?

6 **Ostro:** I think we might have to look that up. If you could give us just a  
7 moment.

8 **Dave:** Mr. Chairman, at the end of FY23, we were at 42 and I believe at  
9 the end of FY24, we were at 45.

10 **Crespo:** So, if you follow that trend . . .

11 **Dave:** We're creeping higher.

12 **Crespo:** So, Director, I heard you say that there were some salary  
13 adjustments. Were these salary adjustments approved by the general assembly? Were  
14 they part of your budget request or did she do it midstream during the fiscal year before  
15 the appropriations?

16 **Ostro:** The funding for them was included in our budget request and we  
17 included it in our narrative explaining that we were doing salary adjustments, as well as  
18 adding staff in fiscal '25.

19 **Crespo:** Okay and I've heard you say twice today that the agency has taken  
20 on more responsibilities. What are they and why? Were these based on legislative  
21 initiatives or something they did internally? I'm trying to understand if you're not fully  
22 staffed, why would you take on full responsibilities?

23 **Ostro:** Thank you. I think it was a combination of several things. One,  
24 additional federal COVID relief dollars were provided and the agency administered the  
25 GEER funds, the Governor's Emergency Education Relief dollars, along with other

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1 education agencies. The Early Childhood Access Consortium for Equity was funded  
2 with significant federal dollars and the Illinois Tutoring Initiative, along the same lines. In  
3 addition, the IBHE is administering the Mental Health Early Action on Campus Program,  
4 the Benefits Navigator Program, which the general assembly established, so we're  
5 coordinating the navigators that are at each of the public universities to make sure that  
6 students have access to meeting their basic student needs. New requirements under  
7 the housing act, the house lesions. Each constitution designates a lesion to help  
8 students access housing and students are housing insecure and food insecure. We  
9 received a grant from the general assembly to administer to the universities to provide  
10 support to institutions to implement that. The common apps are areas that we've all  
11 invested in. We have added, we have obviously had an increase in our headcount and  
12 support to increase our staffing and that's why you've seen our staffing increase over  
13 time, and has continued to increase in this fiscal year.

14 **Crespo:** So, the agency created some programs using COVID dollars?

15 **Ostro:** The program was specified. The agency was responsible for  
16 administering them. Those dollars, obviously, have expired at this point.

17 **Crespo:** So once those dollars are gone, what happens to those programs?

18 **Ostro:** Those programs have ended. The federally funded programs have  
19 ended.

20 **Crespo:** Okay, any other questions from the commission? A follow up,  
21 Senator Rose.

22 **Rose:** For the Auditor. Were there any other instances of, of payments not  
23 being authorized that were made?

24 **Courtney:** We are not aware of any.

25 **Rose:** Okay, Director, you have been around too long to make mistakes.  
26 So that's why I just do not know where this is all headed. Give me that information if you

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1 would and one last question for the Director; you said something about your grant staff  
2 turnover. Can you delineate that a little bit in further detail?

3 **Ostro:** It was the fiscal staff that I was referring to. We have added grants  
4 management staff to support both the fiscal and programmatic side. So, we had some  
5 long-standing employees of the Agency who have left and retired just at the same time  
6 that these new grants were coming online.

7 **Rose:** Okay, thank you.

8 **Crespo:** Okay, seeing no more questions. Senator Villanueva moves to  
9 accept the Compliance Audit of the Illinois Board of Higher Education seconded by  
10 Representative Manley, all in favor say aye; opposed say nay. The ayes have it and the  
11 audits are accepted. Thank you, Director for joining us today. Okay, next up we have  
12 the Illinois Community College Board. Director Durham, if you and your staff would take  
13 the seats at the table. And with that, Auditor General Mautino.

14 **Mautino:** Thank you Mr. Chairman. Next audit is of the Illinois Community  
15 College Board. It's the Compliance Examination for the two years ended June 30, 2023.  
16 It was conducted by the firm of Adelfia LLC. Gilda Priebe is here on behalf of the firm.  
17 The audit manager for the engagement was Lisa Warden. Courtney Dzierwa, our  
18 Financial and Compliance Division Director, will discuss the examination.

19 **Courtney:** There were 12 total findings in this compliance examination. I will  
20 summarize a few.

21 In Finding 1, we found the Board did not exercise adequate controls  
22 over initiating and monitoring grant agreements. We tested 60 grant agreements from  
23 24 of the Board's FY22 and FY23 active grant programs and noted the following  
24 weaknesses: For 53 of 60 grant agreements tested or 80%, the agreements were  
25 signed between 2 and 446 days late; for 2 of 24 grant programs tested or 8%, the  
26 reports did not contain the certification required by the grant agreement. For 20 of 24  
27 grant programs tested, we noted: Grantees did not provide required documentation,  
28 required reporting did not meet the time frames and/or specifications established in the

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1 grant agreement, or documentation was not retained by the Board to demonstrate that  
2 all required documentation was not both received and met all requirements.

3 We recommended the Board implement and enforce internal  
4 controls to ensure all reporting requirements adhered to, and ensure any grant  
5 application and budget deadlines, or agreement start dates allow for sufficient time for  
6 all parties to approve the grant agreements prior to their effective dates. The Board  
7 concurred with our finding and stated they are transitioning report and budget  
8 monitoring to program compliance staff and will be providing additional training. They  
9 also stated they would ensure future grant agreements are drafted with language  
10 authorizing pre-award costs if applicable.

11 In Finding 3, we noted the Board did not maintain adequate  
12 controls over monthly reconciliations. The Board expended over \$400 million from 10  
13 funds and collected over \$40 million from 7 funds during Fiscal Years '22 and '23.  
14 During testing of the Board's monthly reconciliations of their internal records to Office of  
15 Comptroller records, we noted: 28 of 28 or 100% of the reconciliations to the Obligation  
16 Activity Report or the Agency Contract Report were not initialed and dated. As a result,  
17 we were unable to determine whether the reconciliation was performed timely. 10 of 24  
18 or 42% of the reconciliations to the Revenue Status Report (SB04) were not initialed  
19 and dated. As a result, we were unable to determine whether the reconciliation was  
20 timely performed. 2 of 24 or 8% of the reconciliations to the SB04 were not performed in  
21 Fiscal Year 2023. 5 of 24 or 21% of the reconciliations to the SB04 were performed 25  
22 to 148 days late. 28 of 28 or 100% of the reconciliations to the Appropriations Status  
23 Report were not initialed and dated. As a result, we were unable to determine whether  
24 the reconciliation was timely performed. 24 of 24, 100% of the reconciliations to the  
25 Cash Report were not initialed and dated. As a result, we were unable to determine  
26 whether the reconciliation was timely performed.

27 We recommended the Board allocate resources and implement  
28 controls to ensure all required monthly reconciliations are performed, documented, and  
29 reviewed timely. The Board concurred without finding and stated the reconciliations



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1 have been assigned to a new staff member, and training has been provided. Board  
2 management also responded they worked with ERP team to implement all  
3 reconciliations in the ERP's analytic and reporting platform to ensure reconciliations are  
4 reviewed and documented timely.

5 This concludes our opening remarks on the Compliance  
6 Examination for the two years ended June 30, 2023, for the Illinois Community College  
7 Board.

8 **Crespo:** Thanks to the Auditor General and his staff. Director, please  
9 introduce those at the table with you and you can start with your opening statement.

10 **Durham:** Thank you good morning. I am Brian Durham, Executive Director of  
11 the Community College Board and thank you for the opportunity to speak with you  
12 today. I am joined here by our Chief of Staff, Matt Berry. By our HR Director, Brianna  
13 Dennis, and our Senior Director Information Technology, Jerry Follis. Unfortunately, our  
14 Chief Financial Officer is unable to join us due to illness, but we will do our best to  
15 channel her expertise as we work through this.

16 As you know, ICCB is the coordinating Board for the state's 45  
17 community colleges, which collectively serves over 600,000 students annually. The  
18 Board has statutory responsibility for administering State and Federal grants to  
19 Community College Districts, Adult Ed providers, and Community Based Organizations.  
20 Approving and reviewing programs, Compliance of Colleges through our recognition  
21 process. Collecting and submitting data for State and Federal reporting and managing  
22 High School Equivalency Testing for Illinois, among other responsibilities. In anticipation  
23 of your questions and to provide a little bit of context, there are a couple of areas that I  
24 would also like to note as well. In FY24, the Board administered 900 grants totaling  
25 \$547 million. This level of grant activity is on par with many other State agencies much  
26 larger than the ICCB.

27 The Board ended FY23 with a headcount of just 55, which rose to  
28 64 at the end of FY24 and remains at that level today. Thus, we administer these grants

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1 with a very small staff. I also wanted to speak to our limited audit during FY21. The  
2 ICCB did suffer a server failure, which resulted in the loss of its computerized records  
3 for the year ending June 30, 2021. Specifically in July 2021, the Agency experienced a  
4 major data loss event following a planned power outage for nearby electrical work. This  
5 led to the permanent loss of important Board data despite successful restoration of the  
6 organizations database and other key applications. Thus, the Boards IT environment  
7 applications data did not exist for the accountant to do a full audit exam for '21 and '22.  
8 And as such, the auditors conducted a limited scope audit for '21 that described the  
9 scope of the IT failure and loss of electronic records. Since then, the Agency has  
10 invested in fully modernizing its IT infrastructure. Upgrading servers, software, and  
11 implementing enhanced backup systems including cloud redundancy.

12 With this investment, the Board has completed successful disaster  
13 recovery testing and is now prepared to handle future disruptions. The most recent audit  
14 covering '23 and '24 marks the return of the standard two-year audit cycle. The Board  
15 has made implementation of corrective action to resolve the 12 findings from this audit a  
16 priority. As I come before you today, we have completed corrective action for each  
17 finding. With additional hiring, enhanced IT systems and procedures that I mentioned,  
18 staff training and robust documentation. We do not anticipate repeat findings beyond  
19 this. Thank you, I will end there. We will be happy to answer any questions.

20 **Crespo:** Thank you director, questions from the commission. But before we  
21 move on, you mentioned IT work. Does your Agency work with DoIT?

22 **Durham:** We do work, we do some services with DoIT, but not being a code  
23 Agency, we are not fully integrated to the DoIT system so we have our email system,  
24 some of our systems do with them. But we actually worked with separate vendors when  
25 we had this server failure and had to go outside of DoIT to get all that done. Appreciate  
26 the General Assemblies support when we needed funding to do that.

27 **Crespo:** And in terms of your grants are they governed by GATA?

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**Durham:** They are governed by GATA except for the Community College grants. Is that correct?

**Berry:** And University.

**Durham:** And University grants, which are GATA exempt. But so, as we do Adult Ed providers, for example, if we work with a provider that is a CBO, they would be covered by GATA.

**Crespo:** Thank you, questions from the commission. Representative Elik.

**Elik:** Thank you, I have read the whole thing but I cannot get past number 1, finding number 1 that the auditors explained and that there was such a high level of mismanagement of so many grant programs. I guess what I would say my conclusion is, is that you could not really be sure that the grantees spent the money appropriately or spent it at all. Is that a fair assessment?

**Durham:** Well, I do not think so. I think we have a pretty good handle on what the grantees are doing. I think we have some procedural challenges that we have implemented a number of things to make sure we have better controls. So, for example, we hired new staff positions, that their positions are specifically around program compliance. So that is all they do. Things are funneled through these folks and they look at that and do budget modifications and make sure the funds are being spent appropriately.

Prior to that, we have a programmatic side of the house for grants and then a fiscal. The programmatic side would monitor things and then funnel it through fiscal and we have brought those together with program compliance positions. We have also implemented an executive level grants committee where every grant now has to pass through that committee for a final review before it goes on out into the system. We have some procedural challenges, certainly. But I do think we have been good stewards of the money overall and we are very connected to all of our grantees both college and non-college providers.

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1 **Elik:** So, I guess though, even though those changes have been made  
2 for now and going forward. I mean we have a time period here. This is a new finding for  
3 this time period of the audit so I can presume that in the past you must have had  
4 adequate oversight of the grants. Something happened during this audit period where  
5 the bottom dropped out and there was a huge degree of non-compliance. So, I guess,  
6 what happened?

7 **Berry:** Technically this is a new finding but this is the problem.

8 **Crespo:** Can you please state your name for the record.

9 **Berry:** Oh, excuse me. Matt Berry, Chief of Staff for the ICCB. Technically  
10 this is a new finding but it is an area that we have struggled with over the last several  
11 years and have been consistently improving upon. We actually had this finding in our  
12 2019/2020 audit because as Director Durham explained we had a limited scope audit.  
13 There was basically only one finding, that was our IT issue and they were unable to test  
14 anything else.

15 **Elik:** Okay.

16 **Berry:** So, these 12 findings all appear as new findings. That does not  
17 necessarily mean before 2021. We might have been working on improving and  
18 correcting on those issues. The improvements and the struggles in the grants area has  
19 really been a function of the significant increase in grant making activity we have had  
20 over the last five years and ramping up our staffing levels and our systems to  
21 accommodate that significant increase in grant making activity that we have  
22 experienced as an Agency. As Brian explained, with our hiring of compliance staff and  
23 additional training and work we have done as well as we are now implementing the  
24 AmpliFund Grant Management System, which will make a lot of this effort electronic.  
25 We believe that these will improve the situation for the next audit period.

26 **Durham:** Just to add one more piece to that and to give an idea. Over the  
27 last several years, we have basically tripled the number of grants that we administer.  
28 So, as we have done that, we have had lots of staff turnover in that context as well. I

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1 would venture to say we have had close to 60/70% staff turnover overall including the  
2 entire grants management unit turned over in the midst of that also. So, there is a  
3 training aspect and an institutional knowledge piece here that is involved. I mean one of  
4 the other steps that we have taken, and I know that recruitment and retention shows up  
5 a number of times, is we have hired a dedicated HR Director to coordinate and make  
6 sure that these trainings are taking place.

7 We have not had an HR Director, a dedicated position in the  
8 history, I have been here for 20 years, in the history of the Agency, to make sure that  
9 folks are getting that training, following through on that training; supervisors are held  
10 accountable for ensuring their folks get training so that we centralize those functions as  
11 well.

12 **Elik:** So, what do you think is the key reason for all the turnover during  
13 this time period?

14 **Durham:** Well, I think we have challenges remaining competitive. I mean as  
15 you look across salaries of code agencies compared to salaries of our Board and for  
16 that matter salaries of our sister agencies. We are on the lower end of those and so  
17 folks come in, they spend time and then they go on to other agencies and move on to  
18 other positions. We have been doing things at the Board and with the leadership of our  
19 Board, which includes base adjustments, which has included cost of living increases,  
20 which has included evaluating specific positions and what those positions ought to  
21 make in doing salary studies and that sort of thing. But that has been, I mean largely,  
22 that challenge continues. I mean it has slowed down, I think generally as a market, as  
23 the market has slowed down. But it is a continuing challenge and has been for many,  
24 many years.

25 **Elik:** Okay, so turn to a different question, to your Board vacancies. I  
26 understand that is not under your control but what is your current status of vacancies on  
27 your Board?

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1 **Durham:** Our Board is fully staffed. We have a full Board at this moment. We  
2 have no board members that I recall are serving on expired terms. Everybody is still  
3 within their current term right now.

4 **Elik:** That is shocking right there. That is good news.

5 **Durham:** Yeah, appreciate it.

6 **Elik:** Thank you. That is all I have.

7 **Crespo:** Sen. Wilcox.

8 **Wilcox:** Thank you, in light of the questions you were just kind of answering.  
9 I am going to bring up, similar to what I mentioned to the Board of Higher Ed. Your  
10 FY26 Budget documents showed no salary increases, in fact going back to FY21, you  
11 have never projected salary increases, yet you just admitted the need to do that. What  
12 is going on? Are we hiding salary increases elsewhere in the budget? Are you scared to  
13 let the legislator know in your budget request that there are going to be salary  
14 increases? Or are they primarily coming when someone has left and you are  
15 reassessing the position?

16 **Durham:** Yeah, sure, and please help me on this if I need it Matt. So, our  
17 Board will not authorize salary increases until after the budget is passed so the Board  
18 votes in June typically, after the budget. So, we do not include those in our projections  
19 because we do not know if the Board is going to authorize salary increases. You go  
20 back historically many years where the Board did not authorize salary increases. And  
21 not being a code Agency, we have to rely on what the Board says. We do build in some  
22 funding, like administrative costs and that sort of thing across various grant programs to  
23 make sure we have those funds if it happens. But ultimately, that is what it comes down  
24 to. And I do not know if you want to add anything to that.

25 **Berry:** No, I would just say, our appropriation levels in our personnel  
26 service lines have gone up and that has been reflected in our ISLs. But, for example,  
27 like on the top 10 employees question where it asks for salaries for FY26. To Brian's

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1 point, we do not project salary increases because we do not know what, if at all, the  
2 Board would authorize for salary increases and we do not want to show a particular  
3 salary increase for an employee when we do not know what that salary increase  
4 ultimately will be for that individual employee. So, we do not project for individual  
5 employees in advance of that being approved by the Board.

6 **Wilcox:** And I do not sit on approps anymore. Is that explicitly discussed  
7 when you are presenting in the Appropriations Committee?

8 **Durham:** Yes, we have answered that question and talked with them about  
9 that, yes.

10 **Wilcox:** Okay, thank you.

11 **Crespo:** Senator Rose.

12 **Rose:** Briefly, as to Representative Elik's point. The first part of this is  
13 pretty bad. In yes or no. Are any of these discrepancies' problematic in the sense like  
14 we do not know where the money went and we think that somebody walked off with it?

15 **Durham:** So, are you asking me or the auditor?

16 **Rose:** I am asking you right now.

17 **Durham:** Okay. I am certain no one has walked off with the money. I think  
18 this is a matter of procedural challenges. And . . .

19 **Rose:** Was it all used for the purpose it was supposed to be used?

20 **Durham:** It was all used for the purposes it was supposed to be used. And  
21 we have strong connections to all of our programs with our program folks that are in  
22 programs that are working directly with these providers. That followed these trails and  
23 now exactly what they are doing with the dollars. What we lacked were some of the  
24 procedural elements that we needed and we are working to put those in place.

25 **Rose:** Okay, and auditors do you agree with that?

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1 **Courtney:** What they are lacking is documentation. We are not aware of any  
2 situations where money has disappeared or been used inappropriately. But the  
3 documentation could be improved.

4 **Rose:** Okay, thank you.

5 **Crespo:** Seeing there are no more questions Representative Manley moves  
6 to accept the Compliance Audit of the Illinois Community College Board. Seconded by  
7 Senator Ellman. All in favor say aye, opposed say nay. The ayes have it and the Audits  
8 are accepted. Thank you, Director for joining us today. Next, we have Resolution 168,  
9 which is being introduced by Co-Chair Rose. Senator Rose.

10 **Rose:** Thank you Mr. Chair. This Audit Request stems from a Chicago  
11 Sun-Times article earlier this year noting that the State of Illinois Taxpayers have lost  
12 \$30 million so far on the University of Illinois Discovery Partners Institute. This was the  
13 scuttled South Loop Project. According to the Sun-Times, it says we are out \$30 million  
14 to the Taxpayers. I would note in the 7/8 years that this thing has been around it has  
15 had multiple changes in scope. Multiple shifts in what it was supposed to be and where  
16 it is supposed to be and what it is supposed to be doing. So, I think it has passed the  
17 point in time that we figure out what is actually going on with Discovery Partners. So, I  
18 am asking that we authorize the Auditor General to look into this please, thank you.

19 **Crespo:** Thank you Senator Rose. Any questions on the Resolution? Okay if  
20 there is no objection on a motion made by Representative Meier, seconded by  
21 Representative Wilcox to accept LAC Resolution 168 all in favor say aye, all opposed  
22 say nay. The ayes have it and the Resolution is hereby adopted.

23 **Rose:** Thank you everyone.

24 **Crespo:** Turning now to our consent calendar. Appearing today are 51  
25 Reports that do not appear to require the presence of Agency officials. I would like to  
26 note that this list as well as the ones in upcoming meetings would be very robust in  
27 order to address the backlog that we have reminding folks that we have not met in  
28 almost a year. Members this in no way should be construed as us condoning the



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1 findings but fulfilling our responsibility to act on the Audits release by the Auditor  
2 General. The LAC staff is reviewing the outstanding audits on the same Agency and  
3 noting repeated findings so that the older audits may be added to the consent calendar.  
4 With that said if there is no objection from a motion made by Representative Manley  
5 seconded by Senator Rose, to accept the consent calendar all in favor say aye,  
6 opposed say nay. The ayes have it and the consent calendar is accepted.

7                   We have 13 Financial Statements for the Audit Commission from  
8 May 2024 until April 2025. If there is, no objection from a motion made by Senator Rose  
9 and seconded by Representative Manley to accept the Financial Statements all in favor  
10 say aye, opposed say nay. The ayes have it and the Financial Statements are  
11 accepted. We have acknowledged receipt of two items and 7 Reports, which do not  
12 require Commission action. The Auditor General's Quarterly for the 4th quarter of FY24  
13 and the first three quarters of FY25, the Report on Emergency Purchases for the 4th  
14 quarter of FY24 and the first two quarters of FY25. Does anyone have any questions?  
15 Representative Elik.

16 **Rep Elik:**           Thank you Chair Crespo, I do have some questions that I do want  
17 to get on the record regarding Emergency Purchases. I find some troubling items in  
18 here that I think we probably ought to get some answers from the different agencies.  
19 So, if I could just mention those to get those, like I said, to get them on the record. We  
20 have an emergency purchase for the first fiscal quarter of fiscal year 2024, well July 1,  
21 2024 through September 20, 2024. There is a request for an emergency purchase for  
22 DCEO \$43,800,000. It says the marketing and advertising programs encompass  
23 domestic and international tourism, scope of work will include creative planning and  
24 production, media planning and buying, production research, website management,  
25 event participation, and sponsorship. So, I also saw that we had for an emergency  
26 purchase--well let me stick with this one first.

27                   We just last week had the results of an OEIG issue made public  
28 where the director of the Tourism Bureau was found to have some conflict-of-interest  
29 arrangements with a company that he had an ownership interest in and that was related

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1 to some of the things that it appears are listed in this request for an emergency  
2 purchase. \$43,800,000 for an Emergency Purchase for things for marketing and  
3 advertising programs I don't see how that could possibly be an emergency. So, I am  
4 going to be questioning DCEO on this one. I would also mention that under the list of  
5 emergency purchase statements filed for October 1, 2024 through December 31, 2024.  
6 CMS filed a request for an emergency purchase for a vendor Time Zone 1; Signed by  
7 David Thomas and Time Zone 1 was the company that was indicated in that OEIG filing  
8 that the director of tourism was a part owner in.

9                   On this emergency purchase, the original estimate was \$1.2 million  
10 and this was for branding, marketing, and recruitment services related to hiring. But the  
11 revised estimate ended up being \$3.7 million. So, I think we have some issues here  
12 related to what is actually an emergency and I will make sure that we follow up with  
13 those agencies on that issue. Especially since that was such a newsworthy item just last  
14 week. Another couple that I found though are related to--well one that I found related to  
15 Illinois State University Estimated Costs. This was on the October 1, 2024 through  
16 December 31, 2024 Emergency Purchases list. Illinois State University estimated cost  
17 \$33 million, the vendor Cole Construction will redevelop the property located at 1709  
18 General Electric Road into a new ISU College of Engineering Facility. The existing  
19 facility will be renovated to incorporate approximately 83,000 square feet of classrooms,  
20 labs, lecture rooms, and faculty offices.

21                   I also find it hard to believe that this is an actual emergency. I  
22 believe the University will be coming before us in the next month or so. So, we will  
23 expect to ask them about how this qualifies as an emergency. I wanted to note that the  
24 memo that we have regarding emergency purchases says that the law recognizes--it's  
25 declared that the state shall use principles of competitive bidding and economical  
26 procurement practices shall be applied. The law also recognizes that there will be  
27 emergency situations when it will be impossible to conduct bidding. Provides a general  
28 exemption when there is a threat to public health or safety or immediate repairs are  
29 necessary. So given that guidance in our memo here I would ask that we just take a  
30 really careful look at any of these emergency purchases being put forth through these

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1 agencies. Our oversight on this says the Legislative Audit Commission is directed to  
2 review the purchases and to comment on abuses of the exemption. So, I know I, for  
3 one, will be making sure to give these a very careful look as we go forward and going  
4 back to those agencies and departments and asking them to explain how these are  
5 possibly emergencies. Thank you, Chair.

6 **Crespo:** Thank you, number one, for reading the reports. I know the Auditor  
7 General puts these out on a quarterly basis and they do a very good job. I think it's up to  
8 us to make sure that we highlight these like we did today Representative so thank you.  
9 I'm sorry Representative Manley.

10 **Manley:** Just to pile on, I think what we need to be careful of is not only the  
11 high dollar amount, but actually, the definition of an emergency purchase, because in  
12 the aggregate they could get pretty expensive for taxpayers. So don't let just the dollar  
13 amount raise your eyebrows. It is the situational-ness. It could be poor planning but we  
14 need to look at the whole situation. Thank you and thank you to Representative Elik.

15 **Crespo:** Again, I would suggest that when these agencies come before your  
16 appropriations committees hopefully these would come up as well. Maybe we will make  
17 this a line item on our agenda to allow for members to bring up any emergency  
18 purchases that are suspect or we should at least shed some light on them. With that let  
19 me continue on the Reports that do not require Commission action. We also have the  
20 agreed upon procedures for Golden Apple Scholars of Illinois Program for FY24.  
21 Information submitted by the Retirement Plan for the Chicago Transit Authority.  
22 Employees 2024, Annual Review for the Year Ended November 26, 2024. The State's  
23 Actuary Report of the Actuarial Assumptions and Evaluations of the State Funded  
24 Retirement Systems for the Year Ending December 19, 2024, the State of Illinois State  
25 University Retirement System on Allocation of Special Funding Situation for FY23, the  
26 Teachers Retirement System of the State of Illinois Report of Allocation of Pension  
27 Amounts for FY24, the University of Illinois Auxiliary Facility System Annual Financial  
28 Report for FY24, and the University of Illinois Health Services Facility System Annual  
29 Financial Report for FY24.

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Looking ahead, the AC will meet again on Tuesday May 13th at 9 am. We will review the Illinois State University and the Illinois State Board of Education. Seeing no further business to come before the LAC today on a motion made by Representative Meier's, seconded by Senator Villanueva, the meeting is adjourned, thank you and see you in two-weeks.

[END TRANSCRIPTION 02:30:28]