

## LEGISLATIVE AUDIT COMMISSION

May 13, 2025

Springfield, Illinois

Senators: Anderson, Ellman, Rose, Turner, Villanueva, Wilcox

Representatives: Crespo, Elik, Manley, Meier, Moore

Meeting began at 9:07 a. m.

**Crespo:** Good morning. It's Tuesday May 13, 2025. I'm Representative Fred Crespo and I call to order the meeting of the Legislative Audit Commission. Let me acknowledge the presence of other audit commission members. Representative Manley, Representative Moore, Representative Elik, Senator Wilcox, Senator Anderson, Representative Meier, and Senator Turner. Some auditors are joining remotely, so let me remind those of you attending by Zoom to keep yourselves muted unless you wish to speak. Please use the raise your hand feature and I will call on you. Those that are called on say your name and begin to speak. LIS is recording and Blue Room Stream is 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 the Illinois State University and the Illinois State Board of Education. The first review is of Illinois State University, President Tarhule and other University officials please make your way to the table and the Auditor General, will you please get us started. President, thank you for joining us and the floor is yours. Well actually, we have the Auditor General start.

**Mautino:** Thank you Chairman Crespo. The compliance examination of Illinois State University for the year ended June 30, 2023 was conducted by the firm of Forvis LLP. Heather Powell is here on behalf of the firm. The audit manager for this engagement was Tom Kizziah who joins us on the screen, and Courtney Dzierwa, our Financial and Compliance Division Director will discuss the examination. Courtney, if you'd go ahead and discuss the audit.

**Dzierwa:** Good morning, thank you. There were 11 total findings in this compliance examination. I will summarize a few. In finding 5, we found the University had not implemented adequate internal controls related to cybersecurity programs and practices and related to the control of confidential information. The University utilizes various applications which contain significant amounts of critical and confidential data, such as names, addresses, Social Security numbers, banking information, etcetera.

The Illinois State Auditing Act requires our Office to review State agencies and their cybersecurity programs and practices. During our examination we noted the University:

- Had not developed policies regarding configuration management, system development, training, on-boarding, backup verification and offsite storage;
- Had not formally reviewed its Appropriate Use Policy since 2011;
- Had not conducted security awareness training;
- Had not conducted a Comprehensive Risk Assessment or implemented risk reducing controls within the examination period;
- Had not reviewed its Data Classification Policy since 2015;
- Had not classified their data in accordance with the data classification methodology;
- Had not documented the security solutions utilized to monitor the security of their assets; and
- Had not developed a comprehensive cybersecurity plan.

Additionally, the University could not provide a population of vulnerabilities identified during the audit period. This finding has been reported since 2019, and University management has been unsuccessful in implementing a corrective action plan to remedy these deficiencies. We recommended the University develop policies regarding configuration management, system development, training, on-boarding, and backup verification and offsite storage; conduct security awareness training; conduct a comprehensive risk assessment and implement risk reducing controls; review the Appropriate Use Policy and Data Classification Policy at least annually; classify its data in accordance with the data classification methodology; document the security solutions utilized to monitor the security of their assets; develop a comprehensive cybersecurity plan; and strengthen controls to identify the population of vulnerabilities. The University accepted the finding. In finding 9, we found the University did not always ensure compliance with the University Faculty Research and Consulting Act and University policies regarding outside employment. During Fiscal Year 2023, faculty members reported 105 instances of outside employment to the University Provost. During testing the auditors noted the following:

- In 26 of 66 (or 39%) of the tested instances, the faculty member submitted the Request for Approval of Secondary/Outside Employment Form to the University's Provost between 1 and 189 days late;
- In 38 of 66 (or 58%) of these requests they were approved between 1 and 498 days late by the Provost;
- For 23 of 66 (or 35%) of the instances, the faculty member did not submit the Annual Report of Secondary and Outside Employment;
- In 3 of 66 (or 5%) of the instances, the Annual Report was submitted between 6 and 60 days late to the University's Provost; and
- In 1 of the 66 (or 2%) of the instances tested, the Annual Report was submitted by the faculty member, but it was not approved by the Provost.

This finding was first noted in 2012, as such, University management has been unsuccessful in implementing a corrective action plan to remedy these deficiencies. We recommended the University's Provost take appropriate corrective action and implement internal controls to ensure faculty members with outside research, consulting services, or employment receive written pre-approval to conduct the requested activity and annually disclose the time spent on these activities in accordance with State law and University policy. University officials accepted the finding and stated they continue to inform faculty of the reporting obligation. This concludes our opening remarks on the Compliance Examination for the year ended June 30<sup>th</sup>, 2023 for Illinois State University.

**Crespo:** Thank you to the Auditor General and please add Representative Villanueva to the roll and Senator Ellman as well. President, thank you for joining us. We're pleased to introduce those that are here with you and the floor is yours.

**Tarhule:** Thank you so much for allowing me to present this testimony. I'd like to recognize, may I introduce some of my colleagues who are here with me. Dr. Glen Nelson is to my right, is a Vice President for Finance and Planning, Carlos is here, on the far right is our Controller, and then thirdly is our Chief Information and Security Officer. I'd like to begin by providing a little bit of context to my remarks and the answers that we will providing to your questions. Illinois State University has experienced considerable change as an institution since we last appeared before this commission especially in the last 5 years. So, we have had 3 Presidents, 3 Provosts and 3 CFOs since 2020. What is relevant to the discussion today is when we brought in Dr. Glen Nelson, who has been with the University only since January. Concurrent with his joining the leadership change, the University made significant hires in the Division of Finance and Planning including the hire of key positions such as a Controller, who preceded Glen by only a few months and a Chief Budget Officer. The reason I provide this context is not to be defensive, but to make the point that if there are institutional context that we can't always provide it's because of the changeover in the leadership and how many senior level leaders are very recent in their positions. I'm especially proud of our Accounting and Finance team. Throughout these changes in leadership, they have maintained a high level of professionalism and ensure the integrity of our financial statements as evidence by the unmodified audit opinion. The new leadership team in Finance and Planning is reviewing a variety of management practices on campus. One change that they have already implemented was to put a process in place to assign a champion or responsible party to each audit finding, and this individual would be held accountable for addressing the noted deficiency. The other change is a review of the adequacy and efficacy of our distributed IT functions across campus. I believe these actions were significantly reduced a number of material witnesses and repeat audit findings. We welcome and appreciate the various audits that the University undergoes throughout the year. Learning of and responding to audit findings by independent observers provides the University leadership and staff additional opportunities to strengthen our processes. With that said I'd like to begin by providing a brief summary of the FY23 audit findings and answer any questions you may have. As already noted, the audit identified 11

findings, 7 were repeat and 4 new, while 4 orders identified in previous audits have been implemented or cleared, so of the 11 audit findings fall into 5 categories. Four of the findings involve information technology area, 3 are related to business processes, 1 finding involves both the IT area and the business processes, 2 involve faculty employment practices, and 1 is an outdated statute. A common thread though the findings is inadequate or properly documented policies or procedures. All 3 of the material findings were specific to the information technology area and all cited inadequate documentation. Another contributing factor to the noted witnesses is our IT organizational structure, which is very distributed. So, in addition to creating the suggested inventories of service, service providers, and related procedures Dr. Nelson is reorganizing the IT division and also reviewing the distributed nature of campus IT functions. These actions will strengthen our controls and compliance in these areas. The majority of the findings related to business processes are specific to finance and accounting processes. The Division of Finance and Planning has undertaken an initiative to systematically review and improve these processes. This activity will first focus on the processes noted in the audit findings. There were 2 major deficiencies noted in the business continuity area. One has been addressed with a University wide effort to create and update business continuity and disaster recovery plans. The other involves establishing an offsite recovery location and storage facility. We are currently exploring the possibility of locating a backup data storage facility at our new building, which will also house the College of Engineering. This would place a distance of 5 and a half miles between our network and data storage facilities. The faculty employment findings relate to compliance with timeliness regarding outside employment activities and positive reporting of their time. The Provost is working with faculty to bring the timeliness of this process into compliance. We continue to struggle with changing the faculty culture to positively report time as their position are not based upon set hourly schedule. The final repeat finding concerns the Illinois Institute for Entrepreneurship Education, or the IIEE. The state law directed a program to be housed at ISU; however, through an MLU, the responsibility for the program was transferred to Chicago State University in 2011. The University has been in discussions with Chicago State to propose a legislative solution in FY 2026. This concludes my formal remarks and we're happy to answer your questions.

**Crespo:** Thank you, President. Before I open it up for questions, how long have you been in office?

**Tarhule:** So, one year in a permanent position. Before that, I was one year in an interim role and before that I was 2 and a half years as Provost.

**Crespo:** Okay and you did mention that, I believe since 2020, there have been 3 Presidents and 3 Provosts.

**Tarhule:** Correct.

**Crespo:** Can you give us any kind of idea of why the turnover, something to share with the commission?

**Tarhule:** Well, a lot of these retired in 2021 I think and the Board of Trustees hired a successor, Terry Kingsley. She left after 19 months and I was hired as interim and subsequently confirmed. So, there's been 3 of us in the past 5 years.

**Crespo:** Do you plan on being there for a while?

**Tarhule:** I hope so. It's up to the Board, but yes.

**Crespo:** Any questions for the commission? Representative Elik.

**Elik:** Good morning. Thank you for being here. One, could I maybe make a quick note of the audit commission on our consent calendar today, number 27, Illinois State University year ended June 30<sup>th</sup>, 2024? Is that the correct date? Okay, so following years compliance exam has been completed and we're okay. Just wanted to make sure of what we we're doing. So, we're reviewing 2023, but many of those same findings carried over into 2024 as well. So, given that, where would we be today if we did an audit today on some of these findings? I know you've mentioned in your comments some of the cyber security but maybe how long is it going to take to get to a point where we see reduction in findings?

**Tarhule:** I'll ask the CFO to address this.

**Nelson:** Thank you Rep. Elik. If the audit . . .

**Crespo:** Please identify yourself for the record.

**Nelson:** I'm sorry. Glen Nelson, Vice President of Finance and Planning and CFO for Illinois State University. When I arrived, a little over 16 weeks ago, one of the things that I did when I sat down with my new comptroller, Carlos Garcia, who arrived five weeks before I did, was to say I've looked at our past audits, and we have a number of repeat findings. I'm very open to findings. I encourage findings because that tells us places where we can improve and it's an outside set of eyes that helps us to see that. I don't get excited, or excuse me, I get very excited when I see repeat findings because we haven't fixed a previous problem. I noted that we had a number of findings that have been on here for a number of years. And so, I asked Carlos to come up with a process for us to get on top of it, especially when, and he and I both found out that in the past, our predecessors had not assigned any one individual to a specific finding. And so, when no one is assigned that responsibility and everyone has that responsibility, typically no one gets the job done. And so, I can't tell you why those things happened in the past, but I can tell you we have a plan in place now to move forward. To your specific question, if we did an audit today, I'm not sure how many of those things would be fixed because we're just getting up to speed right now. But we've identified a plan. I can address that a number of the findings from '23, particularly those material findings and the IT security area,

we've made progress on a number of the sub-points. In fact, the first finding, I had roughly 10 sub-findings. I believe if an audit was conducted today, all by two of those would be resolved. It doesn't mean they wouldn't find something else in that area, but that's where we're at this point. I'm really expecting to see the improvement in the FY26/27 audit, simply because we need time to address, there's almost a nine-month lag, 9-to-10-month lag in the audit and the end of the fiscal year. So, it's almost a two-year cycle in any case. But I'm looking forward to coming back in the future, having fewer findings to answer to at that point.

**Elik:** Okay, thank you for the honest answer. It's not fixed today, but we're working on it.

**Nelson:** Yes.

**Elik:** Okay. And then one of the chores of the audit commission we discussed when we were here last time is to review the emergency purchases. And so, there was a very notable one on the emergency purchases list from the second fiscal quarter of last year, well 2024, October 2024 to December 2024, related to a \$33 million engineering building. So, there were some other departments that we had questions on too, but since you were going to be here this week, it worked out very well that we could ask you today about why is a \$33 million engineering building an emergency purchase?

**Nelson:** I would like to give a little bit of context to that to begin with. It was actually purchased through the JOC Process. It should not have been declared an emergency purchase because through the JOC Process, we're allowed to use an approved vendor who's already gone through the vetting process. There was, and it was a design build type of project. So, there's only been one contract that was awarded. That was awarded to the construction company, and then they go out and get the services for design. And so, I think there was some confusion on our part as to should it be an emergency purchase or not. There had been some discussion with our previous purchase director, who is no longer at the University, with the state procurement office, I don't, I wasn't privy to those conversations, but I believe it was not explained that we were going through the JOC Process, and there would be only one contract. And so, the state procurement office had advised our staff to declare it an emergency purchase. It should never have been declared an emergency purchase, therefore, it wouldn't have risen to this committee's sight.

**Elik:** Thank you for that. If it was deemed an emergency purchase because that's what was recommended, were there steps that were not taken along the way to award a contract or other, I guess, hoops that you didn't have to jump through because it was deemed an emergency?

**Nelson:** Uh, if we would've gone through the emergency process, if we did not go through the JOC Process, we would have been able to cut through a lot of the red tape. Because

of the nature or the timeline that we were operating under to be able to launch the program this fall, and have the building occupied next fall. But we did not really cut any red tape because we used the JOC Process. We followed the JOC Process as it is outlined.

**Elik:** Okay, thank you. So, what was the time frame, so this was, I guess, requested as an emergency purchase in the fourth quarter of 2024, but when was the contract actually awarded? When does the building take place? Is it under construction now?

**Nelson:** Okay, the building was a building that we acquired and the work is a renovation of that building to prepare it. And the construction has started already. I don't know the exact dates of when the contract was award. Carlos, do you know?

**Garcia:** Good morning my name is Carlos Garcia. I'm the controller for ISU. I have some timelines. On March 2024, the bases were received for the Joan Green Building, the previous to the actual purchase of the new building where the engineering school's going to be. In April '24, construction documents were awarded to Cannon for the initial project. I'm just going to skip all the way to July '24, drafted and received a JOC quote for phase I, and that's when what's assigned or determined by the University that the process for awarding this contract will be through the JOC Process. August 2024 was the communication with the CPO. In December '24, the cabinet and the president-elect confirmed the purchase. January 25' May 25', I'm sorry, the JOC Process Phase II, RFQ drafted, construction agenda item was put in front of the board. And at that point, we were able to purchase the building.

**Elik:** Okay, so, I guess that gives us pause, maybe, as the audit commission, on when we are looking at these emergency purchases. Like you said, you were advised to follow that process even though you had the other process in place. So that's something we can question maybe at some point here as making sure understanding what that process is and why someone would have been recommended to go that route.

**Nelson:** Yeah, and I think if it happens under my tenure, and we get conflicting information, I would get that resolved before going forward.

**Elik:** Great, thank you. And the money that was, or is being spent on this was already budgeted and within the Universities budget, capital budget, I guess.

**Nelson:** We've actually, yes, we've actually issued debt for the building. The bonds had already been issued. It would have been approved by the board ahead of time.

**Elik:** Okay, okay, thank you. That's all I have.

**Crespo:** Thank you, Rep. Moore?

**Moore:** Good morning. Thank you for being here. So, I'm about 16 weeks into this job too, so I understand not having all the information from the past. So, I was just looking at finding number 10 about this ISU did not require positive time reporting for all employees in compliance with the State Officials and Employees Ethics Act. Can you maybe describe for me as you see that finding, what's some of the difficulties might be in implementing that? Seeing that's been a finding since 2005, and as you see that, what, how you're looking to address that so that way in the future, that does not repeat?

**Tarhule:** If it's okay, let me start by describing a process, and then I'll turn it over to Glen to discuss the technical part. So, first of all, it might appear that we have had this finding for a very long time. But, keep in mind, we have faculty turnover. So, every year we have new faculty. It may not be exactly the same faculty giving, not following this process. Each time we on-board new faculty, we have the same kind of challenge. So, here's the issue, faculty are hired over nine months, and a lot of this external work has to do with either research or contract that they get, consultancy that comes up, and a lot of faculty, when that happens, they immediately will start doing the work even before they realize that they have to report this. So, our challenge is making sure that they are aware of what the process is and that they actually report it and get permission up front. So, it's not so much that the University is . . . and I know we've struggled with this even when I was Provost. Like how do we make sure that they provide this information? We have thought about including it in the annual reports that they provide, but many of this come through during the semester, and we don't learn about it until at the end of the semester. So, I just wanted to make those two points about why it is challenging. First has to do with turnover, second has to do with the nature of how faculty work. You know, if they are teaching and if they get the research that's come up, these are not things that happen on a fixed schedule or timeline that we can anticipate. They happen throughout the year. And in some ways, we're really dependent on the diligence of the faculty to let us know when this has happened. And that mechanism for ensuring that they do so is what we're struggling with that, trying to identify. But I'll turn it over to Glen to talk about additional.

**Nelson:** I believe what President Tarhule was describing was to audit finding number 9, which was the outside employment aspect. In regards to number 10, with timekeeping, when that was first noted, we were not, as my understanding is, we were not following that procedure across the board. And over time, we have implemented a process so we now have everyone except faculty. The difficulty we have with faculty is by the nature of their work. They do have set hours, set days. They're hired under a contract to deliver a certain set of services. So, it's really a service contract as opposed to a, with an output, as opposed to a time bound, time specific contract. We certainly could implement a process where they could hit a button, and it would automatically populate 37.5 or 40 hours for the week so that we could be compliance. That would be very disingenuous since they may not be working in their office on Friday. They put in their time, but it's put in differently than what we would think of in terms of an hourly position. Or in the case of my role as a salaried employee, I'm expected to at least put in my 40 hours, if not more. And so, it's much, makes much more sense. And so, we're



having a difficult time finding the right mechanism to change that culture to do that.

**Moore:** Have you talked to other universities? Do they have the same problems with that as you do?

**Nelson:** Yes, the other universities are having the same issue and I think you all have probably asked that question of the other universities that been up here, and you're getting the same answer.

**Moore:** Thank you. Appreciate it.

**Crespo:** Senator Wilcox?

**Wilcox:** Let me just kind of go forward on that question, not specific to the finding, if their service contracts, how detailed are the metrics in what service needs to be provided and how often are they reviewed?

**Tarhule:** Do you mean faculty?

**Wilcox:** The faculty, yes.

**Tarhule:** In many ways, all we ask of faculty is to teach and do their research, and meet certain service requirements. As long as they're meeting those, we don't really check with their timing. We don't check, you know, how often they do that. If they're going to class, and they're teaching the classes when they're scheduled, they're meeting their research and service obligations, we don't really check to see how that work is being done. So, the product is more important than the process by which that product is produced, if that makes sense. So, teaching, we can sort of check whether they're teaching because that's scheduled. Research, they can do their research anytime. They can do their research when they are on vacation. They can do their research at night. And then service, we have minimum service requirements that they have to meet. And so at the end of every year, they turn in their report which is cross checked by the chairs to make sure that they have delivered the required amount of teaching, where they view the evaluations, how well they did their job with respect to the teaching. And then we review whether they're meeting their publication requirement or their grant requirements, as the case may be, or whatever scholarly creative activity metrics that department uses. As long as they're meeting those, we don't really go back to check how many hours it took them to meet it, when they did it. So, we just check the product, not so much the process.

**Wilcox:** In remaining on that, I think I heard that there were two outside employment requests that were denied. Without going into specifics on those two, can you give me some general criteria when outside employment may be denied?

**Nelson:** I don't believe they were denied, I believe they didn't have the final approval. I'm looking to the auditor.

**Dzierwa:** The bullet from the finding reads that 1 of 66, or 2%, of the instances tested had the form 928 submitted by the faculty member to the University's Provost, however, it was not approved.

**Nelson:** I'm not sure if that meant that was denied or that the Provost had not signed off on the form. The only time that I would be aware of us not allowing someone to do the outside research, or outside employment, would be if it conflicted with their teaching duties, specifically at the University.

**Wilcox:** Okay. In general, are we pretty confident that no one is getting paid in outside employment for the same work that they're doing for research or grants that are already being paid for by the University?

**Nelson:** I feel very confident with the processes we have in place, and the reviews, that that is not happening.

**Wilcox:** Thank you, I'll go back to IT. You talked about a lot of work being done, but what I'm really looking for, there are a few places that you fully control, it's not up to technology changes or anything, and that is the development of the policies and the risk assessments. Can you tell us that when you come back after the next one that those areas likely will not be repeat findings?

**Nelson:** There will be policies in place. The risk assessments will be done. Whether the policies will have made it through the entire academic senate process, I can't guarantee because of that timeline, I can't control, and it's a rather windy process. But we will have the substantive practices in place that we can, hopefully the auditors will validate.

**Wilcox:** Thank you, and then last question goes back to the engineering building. In looking at the JOC Process, it often involves pre-qualified contractors, which you mentioned. But it's usually a series of different tasks at multiple locations or undefined quantity. Can you talk me through the vetting that was done that said a building construction would apply under that JOC Process?

**Nelson:** I was not, I wasn't privy to those specific discussions as they occurred before I came on board. I'm confident in talking with my AVP of facilities that we've used the JOC Process before, and that that was shared with cabinet and or my predecessors before a decision was moved to go forward with the JOC. My experience at other universities, using a JOC Process, is if we have a short timeline, it allows us to use a pre-vetted contractor so that we can cut the timeline to get the project done, if we have outside pressures to get the project

done. I can't say for sure what happened in this case, but I'm confident that it was done with foresight and a desire to follow the regulations.

**Wilcox:** Okay, I'm very familiar with the ability of doing that especially in repairs and maintenance where you don't know what is going to come up over the course of a few years. I'll go do some research on the use of it for the construction of a, and you said it was a designed build, so it was truly just the construction portion.

**Nelson:** Yes.

**Wilcox:** Thank you.

**Tarhule:** Senator, if I may provide context to that, not on the audit technical part, but on the context, so you can see where ISU was coming from. So, we decided to establish a new College of Engineering. And we picked a building on campus that we wanted to renovate for that college. And way into the process, after we started advertising the college, a new opportunity came up where an entity was selling another building nearby that we felt that was going to be cheaper and faster for us to acquire for the College of Engineering. We had not been aware of this opportunity because the building was not on the market at the time we had made the decision. This was going to cost us less, it was going to be a lot more space for the College and so we made a last-minute pivot to abandon the original idea we had and to acquire this new building. That put us in a time crunch because in order to be able to renovate the building and reconfigure it in time for the students that would be coming, which is in a few months from now. We were looking at how we might be able to make that work. One idea that was suggested to us, especially given if you had to sequentially design and then bid and build that we were not going to be able to make it. So, the idea of designing while you are building the building was suggested to us and that seems to fit the JOC process. That is how it came about. It wasn't a conscious attempt to navigate or escape any kind of processes. An opportunity came up and the University decided to take advantage of creating this time crunch and when we were looking at how, what we could possibly do to accommodate the beginning of the program, which at that point students were already applying for.

**Wilcox:** Thank you for that. I think that may have been my misunderstanding in thinking it was a complete new construction. So, understand a renovation section by section by section does sound more appropriate to the JOC. Thank you for that.

**Crespo:** Thank you Senator, if I may just follow up on finding number 10 the timesheet problem. In all fairness President, this is a common occurrence with pretty much with all our universities, right. And the finding has been around since 2005 and it is actually noncompliance with the State Officials and Employees Ethics Act. The way you described it you compensate the staff for the product, not the process. So, I am not sure how you are going to fix this finding unless we revisit the Act. Has there been any conversations about maybe

exempting some employees to somehow stop this finding from occurring every year?

**Tarhule:** One of the processes we are looking at now is technology. So, as I said because of the irregular nature in which this opportunity has come up, in which faculty then take advantage of. What we are trying to do is find a technological solution where we can build in a place that puts this requirement in front of the faculty so they see it as they accept these opportunities. For example, if it is research, that research has to be signed off by our Office of Post Award Services and we are trying to see, can we put a pre-check in front of Post Award Services that requires the faculty to see that and sign off on it before they accept that position. We think that would help with issues related to research. Consultancy is a little bit harder because consultancy opportunities don't often come through the University research process. This is something that faculty navigate individually as the opportunities come up. So, our challenge there is how do we make sure they are aware and know that they must do this before they accept those opportunities. We have had plenty of conversations about it. I myself have been involved in those conversations since I was a Provost. We haven't quite found a solution that is fool proof. But we continue to work on it.

**Crespo:** Is this in reference to finding number 10, the timesheets?

**Nelson:** We are talking 10.

**Tarhule:** I got 9 I think.

**Crespo:** No, yes, I am asking about finding number 10, in regards to the timesheets and non-compliance with the State Officials and Employees Ethics Act.

**Nelson:** It would be very helpful to us if within state law, faculty were exempted from that requirement. That would eliminate the finding. The other option I have right now, as I said earlier, would be very disingenuous to have them automatically pre-populate their work. Is that the question you are asking?

**Crespo:** Yes, it seems like this is going to be a continued finding, again, because you compensate based on the product not the process.

**Nelson:** Right.

**Crespo:** How do you measure that? Obviously, not with a timesheet, I just have a hard time reconciling that and it seems like we should be addressing the Act and maybe exempting those employees. I hope that it is a conversation you will have with the other universities and get on-board with that. Senator Elman, your questions.

**Elman:** Yes, thank you, Chair. I have a question about finding number 7; this is about the Illinois Institute for Entrepreneurship Education. My notes say that in FY2011 ISU transferred this program to Chicago State University, but the transfer has not been complete for 14 years. Can you give me a status update? Then a flavour of what kind of legislative solution you have been addressing, approaching.

**Nelson:** Okay. Thank you, the transfer has been complete. What has not been complete is circling back and having the legislative remedy...having the legislature transfer responsibility of the program from us to Chicago State. I cannot speak to why that has not been pushed in the past. But I can tell I am working with our government affairs individual. He has been working with his counterpart at Chicago State and they plan to bring proposed legislation to you in the next session. So that would hopefully eliminate this finding.

**Elman:** I look forward to it, thank you.

**Crespo:** Any other questions from the Commission? Okay seeing no more questions. Representative Manley moves to accept the Compliance Audit of Illinois State University, seconded by Representative Elik. All in favour say aye, opposed say nay. The ayes have it and the Audits are accepted. Thank you, President, for joining us today.

**Tarhule:** Thank you so much.

**Crespo:** Hopefully we will see you for years to come. Next, up we have the Illinois State Board of Education. Superintendent Sanders and other Board staff please make your way to the table and we will ask the Auditor General for their comments.

**Mautino:** Mr. Chairman, the compliance examination of the Illinois State Board of Education for the two years ended June 30, 2022 was conducted by the firm of KEB LLP. Josh Shugart is here on behalf of the firm. Lisa Warden is the current audit manager for this agency. Courtney Dzierwa, our Financial and Compliance Division Director, will discuss the examination. With that Courtney Dzierwa.

**Dzierwa:** Thank you, there were 15 total findings in this compliance examination. I will summarize a few. In Finding 5, we found the Board did not have adequate internal controls in place to monitor the requirements regarding professional educator license renewal. During our testing, we noted:

- The Board failed to perform random audits of licenses to verify their fulfillment of the professional development hours required to maintain their license.
- Also, the Board did not track which approved providers were providing professional development activities. Therefore, the Board was not able to identify which approved providers should have submitted annual data to the Board during the examination period.

We recommended that the Board begin performing random audits of licensees and to continue their work implementing the PD+ tracking system, which we understand was delayed by the COVID 19 pandemic, to ensure all approved providers who perform professional development activities can be adequately tracked and subsequently audited as required by the School Code. The Board agreed with the recommendation and noted it has resumed professional development educator audits and has implemented a new registration and renewal process in the PD+ system to track the providers offering professional development in Illinois. In Finding 7, we found the Board did not comply with reporting

requirements of the School Code for the survey of learning conditions, or climate survey, completed by students and teachers. The Board failed to post the results from the 2019-2020 school year climate survey to their website. In addition, the Board did not provide a publicly available report on the survey indicators at the school district or state level for any of the surveys administered. We recommended the Board implement or revise its internal controls in order to obtain the required data needed to report on the climate survey results at each level required by State Law. The Board agreed with the finding and stated it recognizes the importance of the climate survey to allow districts and schools to make instructional-related decisions. The Board also stated it was working with the climate survey vendor to determine the feasibility and possibility of acquiring data at the school, district, and state level. This concludes our opening remarks on the Compliance Examination for the two years ended June 30<sup>th</sup>, 2022 for the Illinois State Board of Education.

**Crespo:** Thank you Auditor General. The Superintendent, Tony Sanders and I have known each other going back to like, 1998 when you were Superintendent of U46. So, it is good seeing you again. Would you please introduce your staff and start with your opening remarks.

**Sanders:** Thank you Representative Crespo, members of the Committee. It is an honour to serve before you today or to sit before you today. By way of introduction, again, I am Dr. Tony Sanders, proud to serve as the State Superintendent of Education since February of 2023. Joining me at the dais, I have Dr. Kimako Patterson, Chief of Staff with the State Board of Education, and Tassi Maton, Chief Internal Auditor. Joining me in the audience and I know they are all chomping at the bit to come up and answer any question you might have include: Kristian Kennedy, our Chief Legal Officer; Jennifer Saba, our Chief Education Officer. Edobor Efam, our Chief Information Officer; Irma Snopek, our Chief Policy and Communications Officer; Dr. Matt Seaton, our Chief Financial Officer; Miguel Calderon, our Chief Operating Officer; Dana Stoerger, our Executive Director of Leg Affairs, as well as Hector and Samantha of Legislative Affairs. The Illinois State Board of Education accepted the Findings and recommendations from the FY-21/22 Compliance Examination issued in June 2023. The audit period covers the summer of 2021 through the spring of 2022. Since I transitioned to the State Superintendency in February 2023, we prioritized improving ISBEs internal processes in coordination to increase timely compliance and reduce findings. I believe the audit process is a very beneficial tool. The Board and I take the reports and Findings noted very seriously and we have worked diligently to address all issues identified in the report. As supported by our FY-23/24 Compliance Examination as Findings not repeated. The Agency has implemented corrective action for 8 of the FY-21/22 Compliance Findings contained in the Examination. The Agency continues to improve controls over other areas as noted. Specific corrective actions ISBE has taken include implementing financial controls to ensure the future appropriation amounts are properly stated and reported. Taking measures to ensure the redetermination of the comparable wage index used in the evidence based funding formula. The Agency complied with the reporting requirements of the Department of Transitional Bilingual Education. The Agency submitted the strategic plans to the Governor and Illinois General Assembly prior to July 1st of each respective

year of the examination period. We complied with the requirements under the Student Online Personal Protection Act. The Agency updated interest rates for loans issued under the School Technology Loan program charged by the Agency which complied with statutory requirements. We made significant improvements to ensure Agency workforce reports were reviewed before submission and that adequate documentation was retained so support information included in the reports. Finally, the Agency improved security controls by establishing a patch and firewall configuration policy to strengthen controls over network security. Further, I want to note that we restructured the organization to merge our computer and software systems under one Chief Information Officer. Again, Edobor Efam from the Attorney General's Office joined us at ISBE. To be more proactive with mandates ISBE utilizes a mandate's dashboard. This dashboard tracks over 600 mandates assigned to the Agency allowing managers to track and manage mandate due dates and reporting requirements. Extensive work was performed with executive staff to ensure the information and department assignments are accurate. I have emphasized the importance of the mandates dashboard at leadership meetings to help us manage mandates and monitor compliance. Additionally, our internal audit department conducts and agile compliance audit finding follow up process, which involves frequent meetings with management to help expedite resolutions to findings. As you know, ISBE strives to meet the goals established by the Board to ensure equitable growth in student learning, access to high quality teachers, and safe and welcoming learning environments. We continue to work toward implementing our Agency's strategic plan and supporting our student's academic and social and emotional recovery from the pandemic. As always, we appreciate your ongoing support as we move forward. At this time, we would be glad to take any questions on any outstanding issues.

**Crespo:** Thank you Dr. Sanders and would the clerk please add co-chair Senator Rose. Questions from the Commission? Okay with that... let me ask a really quick question. Finding number 4, the Transitional Bilingual Education and I understand that has been corrected. So, this is mostly for my education. What is the purpose of those reports?

**Sanders:** Let me flip to that page here really quick. So, it is essentially just an annual report to the General Assembly that includes an evaluation of the Transitional Bilingual Education Program and the need for continuing such a program as well as recommendations for potential improvements to the program, Representative.

**Crespo:** So, this is just a report to the General Assembly for...

**Sanders:** Correct.

**Crespo:** Okay. Any other questions? Senator Wilcox and then Representative Elik.

**Wilcox:** Not as much a question, but a statement for CIO Efam. Over the course of the summer, there has been a consortium of companies who have been approaching DoIT in applying the use of artificial intelligence tools on the system. I believe there will be discussions at the Sapphire Conference next week. But I would really encourage them to press on DoIT,

especially with their change in leadership, to make sure they are looking at all opportunities to apply new age technology tools. It should, if done properly, allow you to run compliance audits on a routine basis. Well ahead of the Auditor General and, in fact, probably provide compliance runs to the Auditor General, which maybe can shorten our timeline and show when we are making progress on a number of these. Especially in regards to access to systems when employees have been separated or left on their own. Thank you.

**Sanders:** Thank you Senator, appreciate that.

**Crespo:** Thank you, next Representative Elik.

**Elik:** Thank you, good morning. I had a question regarding finding number 7, which has been repeated, related to the required data needed to report on the climate survey results. And your answer was that you are seeking legislative changes to better reflect the data. So, where do we stand on that?

**Sanders:** So as of today, House Bill 2986 is on third reading in the second chamber, the Senate. It is one vote away from being sent to the Governor to sign. We anticipate no issues moving that legislation. Expect a vote to be taken the week before adjournment.

**Elik:** Thank you, I did not remember that was in there. I will go back and look. Thank you very much, that is all I have.

**Sanders:** Thank you.

**Crespo:** Representative Manley. Okay no Manley, any other questions from the commission? Okay seeing no more questions, Senator Elman moves to accept the Compliance Audit of the Illinois State Board of Education, seconded by Representative Moore. All in favour say aye, opposed say nay. the ayes have it and the Audits are accepted. Thank you, Superintendent, for joining us today.

**Sanders:** Thank you.

**Crespo:** Turning now to the Consent Calendar. Appearing today are 51 Reports that do not appear to require the presence of Agency officials. I would like you to note that this list as well as ones in upcoming meetings will be very robust in order to address the backlog we have. Members this in no way should be construed as us condoning the Findings but rather fulfilling our responsibility to act on the Audits release by the Auditor General. The LAC staff is reviewing outstanding Audits of the same Agency and noting repeated Findings so that the older Audits may be added to the Consent Calendar. With that said, if there is no objection on a motion made by Representative Meier's, seconded by Senator Villanueva to accept the Consent Calendar. All in favour say aye, opposed say nay. The ayes have it and the Consent Calendar is accepted. We have one Financial Statement for the Audit Commission from April 2025. If there is no objection on a motion made by Senator Wilcox, seconded by Representative Manley to accept the Financial Statements. All in favour say aye, opposed say nay. The ayes



have it and the Financial Statements are accepted. We have the Minutes for the Audit Commission meeting from May 20, 2024 and April 29, 2025. If there is no objection on a motion made by Representative Manley, seconded by Senator Elman we accept the meeting minutes. All in favour say aye, opposed say nay. The ayes have it and the Meeting Minutes are accepted. Looking ahead, the Audit Commission will meet again on Tuesday May 27th at 9:00 a.m. We will review the Department of Military Affairs and the Department of Natural Resources. Seeing no further business to come before the Legislative Audit Commission today on a motion made by Senator Anderson, seconded by Representative Manley the Meeting is adjourned. Thank you, thank you all.

Meeting adjourned at 10:07 a.m.