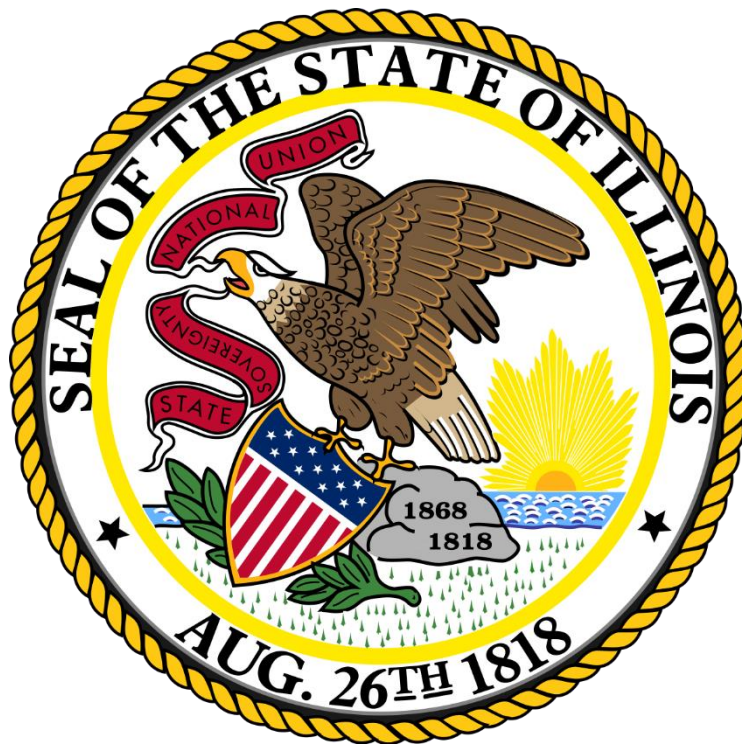


LEGISLATIVE AUDIT COMMISSION



Review of
Eastern Illinois University
For the year ended June 30, 2023

620 Stratton Office Building
Springfield, Illinois 62706
217/782-7097

REVIEW #4575: EASTERN ILLINOIS UNIVERSITY - FY23 COMPLIANCE

REVIEW: 4575 EASTERN ILLINOIS UNIVERSITY YEAR ENDED JUNE 30, 2023

RECOMMENDATIONS – 10

ACCEPTED - 4 IMPLEMENTED/PARTIALLY IMPLEMENTED – 6

REPEATED RECOMMENDATIONS – 8

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 9

This review summarizes the auditors' report of Eastern Illinois University for the year ended June 30, 2023, filed with the Legislative Audit Commission on April 25, 2024. The auditors conducted a compliance examination in accordance with state law and Government Auditing Standards.

Introduction

Eastern Illinois University is a comprehensive, regional service institution located in Charleston, Illinois. Established in 1895 as a teachers' college, today the University encompasses four colleges and a graduate school. The University's Board of Trustees is appointed by the Governor. The University's strategic plan, Plan 2028, revolves around four interconnected themes: Achieve, Engage, Create, and Resource. This approach encompasses 14 strategic initiatives identified by the campus community, supported by 35 target activities that will be evaluated annually using designated performance metrics or key performance indicators.

Dr. Jay Gatrell became President on July 1, 2023. He was President during the audit period and he remains President. Dr. Gatrell previously served as Provost and Vice President for Academic Affairs at EIU.

Appropriations and Expenditures

Appropriations (\$ thousands)	FY22		FY23	
	Approp	Expend	Approp	Expend
GENERAL FUNDS				
Operational Expenses	43,495.6	43,495.6	43,495.6	43,495.6
Grants				
Grow Your Own Teachers	500.0	0.0	0.0	0.0
TOTAL GENERAL FUNDS	43,995.6	43,495.6	43,495.6	43,495.6

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OTHER STATE FUNDS				
Grants				
Scholarship Grant Awards	7.0	7.0	7.0	7.0
TOTAL OTHER STATE FUNDS	7.0	7.0	7.0	7.0
TOTAL	44,002.6	43,502.6	43,502.6	43,502.6

Accountants' Findings and Recommendations

Condensed below are the 10 findings and recommendations included in the audit report. Of these, eight are repeated from the previous audit. The following recommendations are classified on the basis of information provided by Eastern Illinois University, via electronic mail received April 25, 2024.

- 1. The auditors recommend the University continue to work with SURS to complete the base year reconciliation of fiscal year 2021 active members' census data from its underlying records to a report of census data submitted to SURS' actuary and CMS' actuary. After completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.**

Further, the auditors recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

Finally, they recommend the University ensure all eligible employees are reported to SURS, along with any required employee and employer contributions

FINDING: *(Inadequate internal controls over census data) – First reported 2020, last reported 2023*

The Eastern Illinois University (University) did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of

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inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

The auditors noted the University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, they noted these plans have characteristics of different types of pensions and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during fiscal year 2021 to project pension and OPEB-related balances and activity at the plans during fiscal year 2022, which is incorporated into the University's fiscal year 2023 financial statements.

During testing, auditors noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.
- During the previous cut-off testing of data transmitted by the University to SURS, auditors noted 2 instances of an inactive employee becoming active were reported to SURS after the close of the fiscal year in which the event occurred. The auditors also noted 4 instances whereby service credit was different by a total of 6.50 years. All of these instances have been previously reported, however still impacted the June 30, 2021 census data.
- During the testing of instructor eligibility testing, auditors noted 19 instructors were not reported as eligible to participate in SURS by the University. All of these instances have been previously reported, however still impacted the June 30, 2021 census data. SURS determined the total potential impact of this error was the instructors' service credit was off by a combined 41.5 years.

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The auditors provided SURS' actuary and CMS' actuary with the exceptions They identified during their testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during fiscal year 2022.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the

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employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, for CMS' OPEB plan, auditors noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

University officials indicated the base year reconciliation process was not established until Fiscal Year 2021, which is currently being performed by university staff. In addition, they indicated the late reported events were due to employees being paid one pay period after the occurrence of the reporting event. For example, a retirement that occurs on June 30, would still have one pay to be made in July. The timing of that payment would depend on whether the employee was a bi-weekly or monthly employee. Finally, they indicated the instructors were not reported to SURS due to the University utilizing a different reasonable and good faith interpretation of the Code's eligibility requirements.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. Further, failure to report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act.

UNIVERSITY RESPONSE:

The University accepts the recommendation. The University continues to work on the completion of the initial full reconciliation. The University will work to improve the reporting of all reportable events in accordance with the rules established by the Code and administrative rules.

UPDATED RESPONSE:

The University is reviewing its reconciliation of census data provided by the State Universities Retirement System through fiscal year 2023.

- 2. The auditors recommend the University strengthen its internal controls to ensure financial statements are prepared in a complete and accurate manner and are subjected to an appropriate supervisory review. They also recommend the University's procedures address all elements of the University's financial reporting process.**

FINDING: *(Weaknesses in preparation of year-end financial statements) – First reported 2022, last reported 2023*

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Eastern Illinois University's year-end financial reporting in accordance with generally accepted accounting principles (GAAP) contained inaccurate information.

The University did not have adequate controls over the completeness and accuracy of year-end financial reporting which resulted in errors in the GAAP basis financial statements and supporting schedules provided to us during the audit. The University did not perform a sufficient supervisory review of all amounts recorded in its financial statements and footnotes. Also, as a result of audit differences identified by us as well as additional corrections subsequently identified by the University, the University provided us with several revisions to its draft financial statements, with significant modifications, before providing its final draft revision on January 10, 2024.

The auditors noted the following issues while testing the year-end financial reporting process, which were corrected by the University after auditors brought them to its attention:

- Restricted net position for the bond system was understated by \$3,308,576 and unrestricted net position was overstated by the same amount due to an adjustment made to the year ended June 30, 2022, financial statements but not carried forward to the current fiscal year.
- Tuition discounts for the MAP grant were understated by \$1,832,800, resulting in the overstatement of revenue and operating expenses by the same amount due to a calculation error.

The auditors also identified several errors in the footnotes to the financial statements as well as the Management Discussion and Analysis section of the financial report. The University corrected each of these items accordingly.

The State Comptroller Act (Act) (15 ILCS 405/19.5) requires State agencies to report, on or before October 31 each year, all financial information as directed by the Comptroller in order to compile and publish an annual comprehensive financial report in accordance with GAAP.

The Government Finance Officer Association's *Internal Control Deficiencies in Audits* advocates that governments establish and document a system of financial reporting that is sufficient to provide reasonable assurance that management is able to prepare financial statements in conformity with generally accepted accounting principles. A good system of internal control requires that management review all significant accounts and balances recorded and disclosed in the financial statements for completeness and accuracy.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states management is responsible for establishing and maintaining a system, or systems, of internal fiscal and administrative controls to provide assurance that, among other things, revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are

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properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

University officials stated these issues were caused by human error and changing staff.

As a result of these errors, the University's financial statements were inaccurate and required corrections. Additionally, weaknesses in the design or operation of internal controls could adversely affect the University's ability to fulfill its responsibility to prepare accurate and timely financial statements and could also negatively impact the Statewide financial statements.

UNIVERSITY RESPONSE:

The University agrees with the auditor's recommendations and will work to strengthen the internal controls and supervisory reviews as the responsibility transitions between employees.

UPDATED RESPONSE:

With financial reporting responsibilities transitioning, the University believes it has a more robust supervisory review of the financial statements.

3. **The auditors recommend the University evaluate their population of service providers to ensure it is complete and accurate. They recommend the University ensure the agreements with service providers address the security, integrity, availability, confidentiality, and privacy controls over the University's applications and data. The auditors also recommend the University include a requirement for a System and Organization Control (SOC) report or an independent internal control review of the outsourced controls. Finally, they recommend the University obtain bridge letters through the end of the engagement period, if the SOC report does not extend through the end of the engagement period.**

FINDING: *(Lack of adequate review of service providers' internal controls) – First reported 2019, last reported 2023*

Eastern Illinois University (University) had not implemented adequate controls over its service providers.

The auditors requested the University's population of service providers utilized during the audit period to determine if the University had reviewed the internal controls of its service providers. In response, the University provided a population; however, the population contained inaccuracies. Due to this condition, they concluded the University's population was not sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, AT-C § 205)

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Even given the population limitations noted above, auditors performed testing of four service providers, noting:

- One (25%) service provider agreement did not contain the requirement to ensure security, integrity, availability, confidentiality, and privacy controls over the University's applications and data.
- Four (100%) service provider agreements did not contain a requirement for a System and Organization Control (SOC) report or an independent internal control review of the outsourced controls.
- The University could not provide a bridge letter which covered the entire fiscal year for two (50%) service providers.
- Specific University controls related to the Complementary User Entity Controls (CUEC) were not documented.

This finding was first noted during the fiscal year June 30, 2019, compliance attestation examination. In the subsequent years, the University has been unsuccessful in implementing a corrective action plan.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their Information Technology environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

University management indicated that the inaccurate population listing was caused by a misunderstanding of what the definition of a service provider was under generally accepted auditing standards. Further, management indicated the testing issues noted above were due to a lack of responsiveness by service providers to University requests for information, and University policies and practices did not include all required control procedures and processes as a result of misunderstandings as described above.

Without having adequate controls over their service providers, the University does not have assurance the service providers' internal controls are adequate.

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UNIVERSITY RESPONSE:

The University agrees with and continues to work toward compliance with the auditor's recommendations. As new agreements are renewed, the University seeks to include the recommended language. The University will continue to request bridge letters from service providers.

UPDATED RESPONSE:

The University continues to work with the auditors to understand the scope of service providers. The University seeks to include recommended language in contract renewals. Information technology personnel attempt to obtain SOC reports and bridge letters when possible and review each.

- 4. The auditors recommend the University update University policies to include requirements for positive time reporting for faculty employees and require all employees to submit positive time reporting as required by the Act.**

FINDING: *(Timesheets not required) – First reported 2005, last reported 2023*

Eastern Illinois University (University) did not require positive time reporting for all employees as required by the State Official and Employees Ethics Act (Act).

During testing, they noted the University only required positive time reporting for nonfaculty. University policies do not include requirements for positive time reporting for faculty employees. Faculty employees are required to certify they have met their work schedule obligations as set forth in their individual Assignment of Duties Form; however, they do not report their time to the nearest quarter hour in accordance with the Act.

This finding was first noted during the University's fiscal year 2005 State compliance examination, 18 years ago. As such, University officials have been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Act requires the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) requires State employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour. The IBHE adopted personnel policies for public universities on February 3, 2004, in accordance with the Act.

University officials stated faculty members work in accordance with their contract. The contract defines faculty responsibilities in terms of credit units; therefore, faculty members report that they worked in accordance with their contract.

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By not requiring positive time reporting from all its employees, the University does not have complete documentation of time spent by employees on official State business as required by the Act.

UNIVERSITY RESPONSE:

The University agrees with the auditor's recommendation. Most of the University's faculty is covered under a collective bargaining agreement, which does not stipulate the positive time reporting requirement.

UPDATED RESPONSE:

Most of the University's faculty continue to be covered under a collective bargaining agreement that does not stipulate the position time reporting requirement. In accordance with the collective bargaining agreement, faculty report that they met the requirements of their Assignment of Duties. Remaining employees comply with the statute.

- 5. The auditors recommend the University continue in its efforts to fully participate in the Initiative by submitting at least one course per Initiative major.**

FINDING: *(Noncompliance with the Illinois Articulation Initiative Act) – First reported 2020, last reported 2023*

Eastern Illinois University (University) did not comply with the Illinois Articulation Initiative Act (Act) requirements.

The Illinois Articulation Initiative (Initiative), through its itransfer.org website, exists to ease the transfer of students among the State's associate and baccalaureate degree granting institutions. The Initiative consists of both a General Education Core Curriculum package, where completion of the entire package at one institution is fully accepted by 111 institutions across the State, and an Initiative major, which are common courses at the lower-division that can be used to ensure students are prepared for upper-division work at 79 institutions across the State.

During testing, they noted the University did not have a minimum of at least one course included within the related Initiative major for the art degree program.

This finding was first noted during the University's fiscal year 2020 State compliance examination, three years ago. As such, University officials have been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Act (110 ILCS 152/15) requires all public institutions to participate in the Illinois Articulation Initiative through submission and review of their courses for statewide transfer. All public institutions shall maintain a complete Illinois Articulation Initiative General Education Core Curriculum package, and all public institutions shall maintain up

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to four core courses in an Illinois Articulation Initiative major, provided the public institution has equivalent majors and courses.

University officials stated the course was not included due to the Illinois Articulation Initiative panel requiring additional information prior to course approval.

Failure to fully participate in the Initiative by submitting at least one course per Initiative major could hinder students from transferring to other institutions and represents noncompliance with the Act.

UNIVERSITY RESPONSE:

The University agrees with the auditor's recommendation. The University's art submission was conditionally approved by the Illinois Articulation Initiative's Art Panel on March 20, 2024.

UPDATED RESPONSE:

The University's art submission was conditionally approved by the Illinois Articulation Initiative's Art Panel on March 20, 2024.

6. The auditors recommend the University ensure all laptops and computer equipment have adequate security such as encryption installed.

FINDING: *(Weaknesses in security over computers) – First reported 2021, last reported 2023*

Eastern Illinois University (University) had weaknesses over the security of computers.

As of the end of the examination period, auditors noted 1,546 of 2,756 (56%) computers required encryption to be installed.

This finding was first noted during the University's fiscal year 2021 State compliance examination, two years ago. As such, University officials have been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to safeguard State property and resources against unauthorized use.

University officials stated due to the cost constraints of replacing computers, the amount of time it takes to complete the process and lack of resources, the process has not yet been completed.

Failure to encrypt University computers could lead to confidential information and/or personal identifiable information being compromised.

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UNIVERSITY RESPONSE:

The University agrees with the auditor's recommendation. The University has prioritized and completed encryption of high-risk areas such as the Business Office, medical lab, etc. The University is in the process of replacing computers that are not capable of encryption and removing those computers from use. Due to budgetary constraints, this process is expected to be completed in October 2025.

UPDATED RESPONSE:

Due to budgetary constraints, the University has prioritized and completed encryption in high-risk areas such as the Business Office. The University has developed a policy to replace computers on a cyclical basis and will removed computers not capable of encryption from service. The university expects to complete the first cycle of replacements in October 2025.

7. The University has the ultimate responsibility for ensuring confidential information is protected from accidental or unauthorized disclosure. Specifically, they recommend the University:

- **Include documentation of where data was maintained, whether it was electronic or hard copy and how it was protected in the data classification.**
- **Update the remote access policy to include logging and review of usage and update the access provisioning policy to include documentation periodic review of access rights.**
- **Retain documentation of cybersecurity training for contractors and external users.**
- **Document a formal risk management methodology and include identification of confidential and personal information within risk assessments.**

FINDING: *(Weaknesses in cybersecurity programs and practices) – First reported 2021, last reported 2023*

Eastern Illinois University (University) had not implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information.

The University maintains confidential information to assist in fulfilling its mission including, but not limited to, information pertaining to finance, student administration, financial aid, human resources, health services, and payroll.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During the examination of the University's cybersecurity program, practices, and control of confidential information, auditors noted the University:

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- Had not classified their data including where data was maintained, whether it was electronic or hard copy, or how it was protected.
- Had not addressed logging and review of usage within the remote access policy nor did they address periodic review of access rights within the access provisioning policy.
- Had not maintained documentation of contractors and external users completing training.
- Had not documented a formal risk management methodology. Additionally, the risk assessments performed by the University did not include identification of confidential and personal information.

This finding was first noted during the University's fiscal year 2021 State compliance examination, two years ago. As such, University officials have been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The *Framework for Improving Critical Infrastructure Cybersecurity and the Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST) requires entities to consider risk management practices, threat environments, legal and regulatory requirements, mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation, and maintain accountability over the State's resources.

Furthermore, generally accepted information technology guidance, including NIST, endorses the development of well-designed and well-managed controls to protect computer systems and data.

University officials indicated the noted weaknesses occurred due to the lack of resources to rectify all exceptions before the end of the engagement period. Additionally, University officials believed that the CIS Control Framework and NIST Cybersecurity Framework described in the University's Cybersecurity Plan were adequate documentation of their risk management methodology.

The lack of adequate cybersecurity programs and practices could result in unidentified risks and vulnerabilities and ultimately lead to the University's volumes of personal information being susceptible to cyber-attacks and unauthorized disclosure.

UNIVERSITY RESPONSE:

The University agrees with the auditor's recommendations and will continue to diligently protect data entrusted to it, both on paper and electronic.

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UPDATED RESPONSE:

The University works to protect data entrusted to it, both paper and electronic. The University has documented the information requested by the auditors during fiscal year 2024.

8. The auditors recommend the University strengthen its internal controls over P-Card transactions to ensure compliance with the University's policies and procedures.

FINDING: *(Inadequate internal control over university procurement card transactions) – First reported 2022, last reported 2023*

Eastern Illinois University (University) did not have adequate internal control over procurement card transactions.

The University operates a procurement card (P-Card) program which allows individuals throughout the University to make smaller purchases (defined as \$3,500 unless approval of an increase or prior approval for individual larger purchases is made) on a credit card which are directly paid by the University monthly. The P-Card program is designed to improve efficiency in purchasing low dollar goods and services.

In a sample of 40 transactions tested, auditors noted the following weaknesses and noncompliance:

- Twenty-three (58%) P-Card purchases, totaling \$7,278, were not approved in a timely manner, ranging from one to 39 business days late. The University could not provide approval dates for two of the purchases included in this exception.
- One (3%) P-Card purchase included sales tax totaling \$2.
- One (3%) P-Card purchase, totaling \$72, was approved by an individual who was not an authorized approver.

The University had approximately 263 active P-Card users. The University made 17,924 P-Card purchases totaling \$5,497,409 for the year ending June 30, 2023.

The University's Purchasing Card Policy and Procedures Manual (P-Card Manual) states transactions should be approved by an Approving Official, no later than the designated deadlines described in the billing cycle schedule. The P-Card Manual also states no sales tax should be charged to the purchasing card.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

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University officials stated the departments failed to follow University policies.

Failure to properly follow University purchasing guidelines, review and approve P-Card transactions in accordance with the University policies could result in wasteful or unnecessary spending and represents a weakness in the University's internal controls.

UNIVERSITY RESPONSE:

The University agrees with the auditor's recommendation. Procurement is reviewing the review and approval deadlines. The University attempts to get refunds of sales tax when possible.

UPDATED RESPONSE:

University management approved a policy allowing Procurement greater consequences, including revoking an employee's procurement card, if the cardholder or supervisor does not follow University policy and approve transactions in a timely manner.

9. The auditors recommend the University comply with the Act to ensure internal audits are performed as required.

FINDING: *(Noncompliance with the Fiscal Control and Internal Auditing Act) - New*

Eastern Illinois University (University) failed to adhere to the provisions of the Fiscal Control and Internal Auditing Act (Act).

During the testing, auditors noted the University did not maintain a full-time program of internal auditing for two months of the fiscal year under examination. The University's internal auditing program consists of only the Chief Internal Auditor. As a result of not having a Chief Internal Auditor, the University did not have appropriate and sufficient resources during the period to achieve the approved audit plan. Four of 10 (40%) audits included in the approved audit plan were not conducted.

The Act (30 ILCS 10/2001) requires designated State agencies maintain a full-time program of internal auditing. The Act (30 ILCS 10/2003) further requires that audits of major systems of internal and administrative control are conducted on a periodic basis so that all major systems are reviewed at least once every two years.

University officials stated this was due to a staffing shortage and turnover in the internal auditing position.

Failure to maintain a full-time internal audit function increases the risk that significant internal control weaknesses will exist and errors and irregularities may go undetected and results in non-compliance with the Act.

UNIVERSITY RESPONSE:

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The University agrees with the auditor's recommendation. During the period noted above, the University's Office of Internal Auditing was vacant. The University was actively seeking candidates to fill the Chief Internal Auditor position. The position was filled effective January 1, 2024, and the Chief Internal Auditor is working on audits of the major systems to comply with the statute.

UPDATED RESPONSE:

The University has hired a new Chief Internal Auditor, effective January 1, 2024. It is difficult to find someone who meets the statutory requirements in a rural area. The new Chief Internal Auditor is working to complete the audits of major systems to comply with the statute.

- 10. The auditors recommend the University enhance the internal controls to ensure faculty members with outside research or consulting services receive written pre-approval to conduct the requested activity and annually disclose time spent on these activities in accordance with the Act.**

FINDING: *(Noncompliance with the University Faculty Research and Consulting Act) - New*

Eastern Illinois University (University) did not comply with the University Faculty Research and Consulting Act (Act).

During the testing of eight completed forms by eight employees requesting approval for outside employment, auditors noted the following exceptions:

- Three of eight (38%) forms were not submitted by faculty prior to the beginning of the outside service. These requests were made between five and 53 days after the outside employment began. Due to late submissions, these forms were also not approved by the University's President, or designee, timely.
- Two of eight (25%) forms submitted timely were approved by the University's President, or designee, from two to 68 days after the outside employment began.
- Eight of eight (100%) employees, whose outside employment ended during the fiscal year, did not complete the required annual statement identifying the amount of actual time spent on outside service.

The Act (110 ILCS 100/1) prohibits full time University faculty members from undertaking, contracting for, or accepting anything of value in return for research or consulting services for any person other than the University unless the faculty member:

- a. has submitted a request to the University President, or designee, which includes an estimate of the amount of time involved;
- b. received the prior written approval of the University President, or designee, to perform the outside research or consulting services; and,

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- c. submits to the University President, or designee, an annual statement of the amount of time actually spent on outside research or consulting services.

University officials stated faculty is periodically notified of this requirement, however, the University cannot control when its faculty submits requests or discloses the hours worked on external research or consulting.

Failure to ensure faculty members performing outside research, consulting services, or employment obtain written pre-approval and file annual reports with the University President, or designee, of the amount of time spent during the preceding fiscal year on outside research, consulting service, or employment represents noncompliance with the Act.

UNIVERSITY RESPONSE:

The University agrees with the auditor's recommendation. The University continues to regularly send emails to full-time faculty to remind them of their obligation under the Act. Over the past three years, the University has implemented an online application and approval system. The online system does send follow-up emails, and as of March 2024, the system requires the disclosure of time actually spent.

UPDATED RESPONSE:

The University has a difficult time meeting the requirements of this statute because compliance is dependent on the actions of faculty members. The University sends full-time dependent on the actions of faculty members. The University sends full-time faculty members emails reminding them of their obligations under the statute. The University has implemented an online application and approval system, which has been modified to require the disclosure of actual time worked once the research or consulting project has been completed.

Emergency Purchases

The Illinois Procurement Code (30 ILCS 500/) states, "It is declared to be the policy of the state that the principles of competitive bidding and economical procurement practices shall be applicable to all purchases and contracts...." The law also recognizes that there will be emergency situations when it will be impossible to conduct bidding. It provides a general exemption when there exists a threat to public health or public safety, or when immediate expenditure is necessary for repairs to state property in order to protect against further loss of or damage to state property, to prevent or minimize serious disruption in critical state services that affect health, safety, or collection of substantial state revenues, or to ensure the integrity of state records; provided, however that the term of the emergency purchase shall not exceed 90 days. A contract may be extended beyond 90 days if the chief procurement officer determines additional time is necessary and that the contract scope and duration are limited to the emergency. Prior to the execution of the extension, the chief procurement officer must hold a public hearing and provide written justification for all emergency contracts. Members of the public may present testimony.

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Notice of all emergency procurement shall be provided to the Procurement Policy Board and published in the online electronic Bulletin no later than five business days after the contract is awarded. Notice of intent to extend an emergency contract shall be provided to the Procurement Policy Board and published in the online electronic Bulletin at least 14 days before the public hearing.

A chief procurement officer making such emergency purchases is required to file a statement with the Procurement Policy Board and the Auditor General to set forth the circumstance requiring the emergency purchase. The Legislative Audit Commission receives quarterly reports of all emergency purchases from the Office of the Auditor General. The Legislative Audit Commission is directed to review the purchases and to comment on abuses of the exemption.

Eastern Illinois University had no emergency purchases in FY23.

Headquarters Designations

The State Finance Act requires all state agencies to make semiannual headquarters reports to the Legislative Audit Commission. Each state agency is required to file reports of all its officers and employees for whom official headquarters have been designated at any location other than that at which official duties require them to spend the largest part of their working time.

As of June 2023, the Eastern Illinois University had 34 employees assigned to locations others than official headquarters.