

# LEGISLATIVE AUDIT COMMISSION



Review of  
Governors State University  
Year Ended June 30, 2022

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**REVIEW: Governors State University FY22 Compliance Examination**

**REVIEW: 4571  
GOVERNORS STATE UNIVERSITY  
YEAR ENDED June 30, 2022**

**RECOMMENDATIONS – 9  
PARTIALLY IMPLEMENTED - 7  
IMPLEMENTED – 2**

**REPEATED RECOMMENDATIONS – 9**

**PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 15**

This review summarizes the auditors' report of Governors State University of for the year ended June 30, 2022, filed with the Legislative Audit Commission on July 20, 2023. The auditors conducted a compliance examination in accordance with state law and Government Auditing Standards.

**Agency Narrative**

Governors State University (GSU) was founded in 1969, originally as an upper-division institution with a primary focus of serving community college graduates pursuing baccalaureate degrees. During the five intervening decades, GSU has grown to become the only regional, public, comprehensive university in Chicago's south suburban area, serving approximately 6,000 students annually in 85 different bachelor's, master's, doctoral, and certificate programs. GSU features a highly diverse faculty and staff of roughly 1,000 employees that reflect the students and community we serve. GSU provides accessible, high-value undergraduate and graduate education to culturally and economically diverse students from across the region and around the world.

Logistically, GSU successfully navigated through and past the pandemic, enhancing the Student Enrollment Management Plan and strategically managing the financial objectives that support equity and equality, including various mental health-related opportunities throughout campus. The campus can boast of a stable leadership team through the efforts of the new vice president of human resources and the new provost. Initiatives have been implemented that support action and positive outcomes for recruitment, selection, and retention, for both students and employees.

The campus has partnered with other organizations beneficial to student growth and potential careers, initiated the first social justice center, and started the first "gen"eration center, and is in the process of creating the first Honors College here at GSU.

Currently, the campus is working through labor relations with faculty and a couple of other unionized employee groups. To date, discussions are moving forward. Above and beyond

## REVIEW: Governors State University FY22 Compliance Examination

the various challenges that face higher education, the financial position of GSU is positive. Governors State University has risen to be the Jewel of the Southland.

### Appropriations and Expenditures

	FY21 Expend- State Funds	FY21 Headcount	FY22 Expend- State Fund	FY22 Headcount
GSU	\$23,193,600	864	\$24,353,300	869

### Background

<b>Mission Statement</b>	Governors State University (GSU) is committed to offering an exceptional and accessible education that prepares students with the knowledge, skills, and confidence to succeed in a global society.
<b>Program Goals and Objectives</b>	<ol style="list-style-type: none"> <li>1. Academic excellence: Provide quality, current, and relevant academic programs.             <ol style="list-style-type: none"> <li>a. Ensure that all academic programs are up to date, relevant, and in demand, while aligned with professional or discipline standards.</li> <li>b. Utilize continuous improvement processes for increasing the quality of academic programs.</li> <li>c. Provide a campus environment and infrastructure that support learning/teaching and scholarly/creative activities.</li> </ol> </li> <li>2. Student success: Provide equitable pathways to graduation that lead to academic, personal, and career success.             <ol style="list-style-type: none"> <li>a. Deliver academic support services that advance timely degree completion goals.</li> <li>b. Provide a broad array of extra-academic support services for all GSU students.</li> <li>c. Provide meaningful opportunities for practical career application/experiential learning.</li> </ol> </li> <li>3. High-quality faculty and staff: Create a learning environment in which highly qualified and diversified faculty and staff are hired and retained.             <ol style="list-style-type: none"> <li>a. Hire, develop, and retain diverse and exceptional faculty.</li> <li>b. Hire, develop, and retain diverse and exceptional staff.</li> <li>c. Utilize contingent faculty in an effective and strategic manner to address program and student needs.</li> </ol> </li> <li>4. Enrollment optimization: Implement a strategic enrollment plan consistent with the university's mission.             <ol style="list-style-type: none"> <li>a. Optimize enrollment within the framework of the university's Strategic Enrollment Management Plan.</li> <li>b. Increase enrollment of and support for our Hispanic student population.</li> <li>c. Determine and develop course/program delivery modes that support enrollment optimization.</li> </ol> </li> <li>5. Invest in excellence: Enhance and diversify revenue streams; serve as a destination for social, cultural, and continuing education; and be an economic catalyst for the region.             <ol style="list-style-type: none"> <li>a. Increase and diversify revenue streams and external stakeholder investments to grow resources, reach, and reputation.</li> <li>b. Provide opportunities to engage with GSU as a premier community resource/destination.</li> </ol> </li> </ol>

## REVIEW: Governors State University FY22 Compliance Examination

	<ul style="list-style-type: none"><li>c. Contribute to workforce development and regional economy.</li></ul> <p>6. Social, ethical, and environmental responsibility: Institutional actions and decisions demonstrate a commitment to social, ethical, and environmental responsibility.</p> <ul style="list-style-type: none"><li>a. Demonstrate a commitment to ethics, equity, inclusiveness, diversity, and accountability for all students, faculty, and staff.</li><li>b. Integrate sustainability, environmental health, ecological stewardship, and environmental justice into campus operations, academic programs, university development, and student life.</li><li>c. Realize the university's public responsibility to stimulate educational, cultural, environmental, and economic development in Chicagoland and beyond, with particular emphasis on community members historically underserved by higher education.</li></ul> <p>7. Strong cyber presence: Support the people, tools, and environment that are needed to succeed in today's digital world.</p> <ul style="list-style-type: none"><li>a. Infuse information technology excellence across the university by selecting and implementing information and communications platforms and training and support systems that are driven by university priorities and user needs.</li><li>b. Invest in innovative instructional technologies to deliver and support excellent and accessible academic programs and student services, and build institutional digital expertise through end-user training, development, and recognition.</li><li>c. Increase GSU's digital visibility to promote GSU programs, faculty, and resources through our web presence, social media, news media, and digital marketing.</li></ul> <p>8. Continuous improvement: Institutional processes for continuous improvement are guided by evidence-based decision-making to achieve the mission of the university.</p> <ul style="list-style-type: none"><li>a. Each unit will undergo a strategic planning process resulting in key performance indicators that provide qualitative and quantitative data that demonstrate the unit's contribution toward meeting the goals of the university's Strategic Plan.</li><li>b. Engage members of the campus community in an examination of campus/unit-wide findings and data analysis.</li><li>c. Inform the campus community about progress toward meeting Strategic Plan goals.</li></ul>
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Source: Comptroller's Public Accountability Report.

The total funds spent at GSU are:

- FY21 - \$92,620,500; and
- FY22 - \$125,686,200.

The undergraduate enrollment was:

- 2021 – 3,021; and
- 2022 – 2,709

The undergraduate tuition was:

- 2021 and 2022 and - \$12,618; and
- 2023 - \$13,066.

### Accountants' Findings and Recommendations

Condensed below are the nine findings and recommendations included in the audit report. Of these, nine are repeated from the previous audit. The following recommendations are

## REVIEW: Governors State University FY22 Compliance Examination

classified on the basis of information provided by the Department of, via electronic mail received July 20, 2023.

1. **The auditors recommend GSU continue to work with SURS to complete the base year reconciliation of FY21 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, GSU 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 GSU or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary. Further, they recommend GSU 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.**

**FINDING:** *(Inadequate Internal Controls over Census Data) – First reported 2020, last reported 2022 - Not repeated in the FY23 Federal Single Audit.*

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

During testing, auditors noted the following:

- GSU 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, GSU 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 cut-off testing of data transmitted by the University to SURS, auditors noted 24 instances of an active employee becoming inactive and 1 instance of an inactive employee becoming retired were reported to SURS after the close of the fiscal year in which the event occurred.

The auditors provided SURS' actuary and CMS' actuary with the exceptions they identified during the 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 FY21.

## **REVIEW: Governors State University FY22 Compliance Examination**

GSU 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 the difficulty in timely reporting events which occur near the end of the fiscal year to SURS.

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.

### **UNIVERSITY RESPONSE:**

The University agrees with this finding and accepts the recommendation. University staff personnel has received a reconciliation training under the guidance of SURS, and a reconciliation process has been established beginning with the Fiscal Year 2021 census data. The University has completed its FY21 reconciliation; has submitted the reconciliation via the SURS encrypted file submission program; and has provided the related SURS reconciliation certification confirming the University's compliance in a timely manner.

### **UPDATED RESPONSE:**

Partially Implemented. GSU has implemented the corrective action plan with regards to the annual reconciliation of census data. The University has also established procedures to ensure census data events are reported to SURS timely and accurately, except for the adjunct faculty members. The University is still working on overhauling the adjunct process that will address timely and accurate reporting of census data events to SURS.

## **2. The auditors recommend GSU improve its procedures to ensure timely reporting of student enrollment status to the NSLDS.**

**FINDING:** *(Enrollment Reporting) – First reported 2021, last reported 2022*

Federal Department:	U.S. Department of Education
Assistance Listing Number:	84.268
Cluster Name:	Student Financial Assistance Cluster
Program Name:	Federal Direct Student Loans
Award Numbers:	P268K200567, P268K210567
Questioned Cost:	None
Program Expenditures:	\$22,967,948
Cluster Expenditures:	\$34,781,190

Governors State University (GSU/University) did not timely report student enrollment information to the U.S. Department of Education's National Student Loan Data System (NSLDS).

## **REVIEW: Governors State University FY22 Compliance Examination**

During the audit, auditors tested 40 students who experienced a change in enrollment status during the fiscal year. The auditors testing identified five students (13%) whose enrollment status change was not reported timely to the NSLDS. The student enrollment status changes were reported between 11 to 180 days late after the date of occurrence. The sample was not intended to be, and was not, a statistically valid sample.

GSU officials stated the students noted were granted administrative withdrawal after the semester (the students registered for) ended, which resulted in these students not being reported as withdrawn during the semester they registered for. The students “withdrawn” status was captured and reported to NSLDS in the subsequent reporting cycle, which was during the semester following the semester the students registered for.

Enrollment reporting in a timely manner is critical for effective management of the student financial aid programs. Noncompliance with enrollment reporting regulations may result in a loss of future Federal funding.

### **UNIVERSITY RESPONSE:**

The University agrees with the above finding. The University reports enrollment status changes to NSLDS through the National Student Clearinghouse (NSC), a third-party servicer. Per University Officials, there is currently no mechanism for reporting students who were administratively withdrawn after the semester (the students registered for) ended until after the next reporting cycle to the NSC. The University will work with the NSC to determine a course of action to report these exceptions to NSLDS at the earliest possible date.

### **UPDATED RESPONSE:**

Implemented. GSU now reports withdrawn status directly to the National Student Clearinghouse (NSC) for individual students who are administratively withdrawn after the end of the semester. With this additional measure added to the enrollment reporting process, students who are administratively withdrawn after the end of the semester are accurately reported to NSC and subsequently to NSLDS as they are processed.

- 3. The auditors recommend GSU improve its efforts and procedures to ensure its cohort default rate is not in excess of the threshold for administrative capabilities stipulated by the U.S. Department of Education.**

**FINDING:** *(Federal Perkins Loan Cohort Default Rate Too High) – First reported 2016, last reported 2022 - Not repeated in the FY23 Federal Single Audit.*

Federal Department:	U.S. Department of Education
Assistance Listing Number:	84.038, 84.033, 84.007, 84.063, 84.268, 84.379
Cluster Name:	Student Financial Assistance Cluster
Program Name:	Federal Perkins Loan Program – Federal Capital Contributions, Federal Work-Study Program, Federal Supplemental Educational Opportunity Grants,

## REVIEW: Governors State University FY22 Compliance Examination

	Federal Pell Grant Program, Federal Direct Student Loans, Teacher Education Assistance for College, and Higher Education Grants			
Award Numbers:	P033A201156,	P033A191156,	P007A151156,	
	P007A191156,	P007A201156,	P063P190567,	
	P063P200567,	P268K210567,	P268K200567,	
	P379T200567,	P379T210567		
Questioned Cost:	None			
Program Expenditures:	\$2,837,726;	\$467,499;	\$287,775;	\$6,964,315;
	\$22,967,948;	\$14,145		
Cluster Expenditures:	\$34,781,190			

Governors State University's (GSU/University) Federal Perkins loan cohort default rate is in excess of the threshold for administrative capability stipulated by the U.S. Department of Education.

The Federal Perkins Loan Cohort Default Rate for the past three years (Fiscal Years 2020, 2021, and 2022, for borrowers who entered repayment during Fiscal Years 2019, 2020, and 2021, respectively) is 19.38% which exceeded the 15% threshold. The University chose to continue servicing their Perkins Loan portfolio after Federal Perkins Loan Program loan originations were discontinued in FY18.

The Code of Federal Regulations (Code) (34 CFR 668.16) states "to begin and to continue to participate in any Title IV, HEA program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution – ... (m)(1) Has a cohort default rate - (iii) as defined in 34 CFR 674.5, on loans made under the Federal Perkins Loan Program to students for attendance at the institution that does not exceed 15 percent."

For institutions with less than 30 borrowers in the cohort for a fiscal year, cohort default rate is computed as the percentage of the total number of borrowers in that cohort and in the two most recent prior cohorts who are in default by the total number of borrowers in that cohort and the two most recent prior cohorts (34 CFR 668.202 (d)(2)(ii)).

The U.S. Department of Education's Dear Colleague Letter (DCL ID: GEN-17-10) states institutions that choose to continue to service their outstanding Perkins Loan portfolios must continue to service these loans in accordance with the Federal Perkins Loan Program regulations in 34 CFR 674.

The Uniform Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal statutes, regulations, and terms and conditions of the Federal award. Effective internal controls should include procedures to ensure the University maintains a Federal Perkins Loan cohort default rate of less than 15%.

## **REVIEW: Governors State University FY22 Compliance Examination**

GSU officials indicated they have met all due diligence requirements with regards to Perkins collections and have worked closely with the collection agency and with former students to facilitate loan consolidations, to reduce the cohort default rate. The University's cohort default rate during the Fiscal Year 2022 (for borrowers who entered repayment during Fiscal Year 2021) was at 11.11%, meeting the 15% threshold. However, since the number of university borrowers who entered repayment during Fiscal Year 2021 were fewer than 30, the current cohort default rate calculation also included the University borrowers who entered into repayment and defaulted for the past three years, in accordance with federal regulations.

Failure to maintain a Federal Perkins Loan cohort default rate below 15% resulted in noncompliance with the Code, the Uniform Guidance, and the U.S. Department of Education's directive.

### **UNIVERSITY RESPONSE:**

The University agrees with the above finding. Per University officials, the University's cohort default rate significantly improves on a year-to-year basis. As indicated in the finding above, the University's cohort default rate during the Fiscal Year 2022 (for borrowers who entered repayment during Fiscal Year 2021) was at 11.11%, meeting the 15% threshold. The University will continue to closely monitor and communicate with students entering on default on a month-to-month basis, in addition to sending defaulted student loans to the Illinois State Comptroller's Offset system.

### **UPDATED RESPONSE:**

Implemented. The University's cohort default rate during the FY22 (for borrowers who entered repayment during FY21) was at 11.11%, meeting the 15% threshold.

- 4. The auditors recommend GSU revise its procedures, policies, and/or contracts to ensure all employees submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.**

**FINDING:** *(Time Sheets not Properly Maintained) – First reported 2005, last reported 2022*

The Governors State University (GSU/University) did not maintain time sheets for its faculty members and advisors in compliance with the State Officials and Employees Ethics Act (Act).

The auditors tested the time sheets for 25 employees during the fiscal year and noted 3 (12%) faculty members/advisors used "negative" timekeeping whereby the employee is assumed to be working unless noted otherwise.

GSU has failed to take substantive corrective actions to resolve the condition noted in this finding. This condition was first reported in 2005.

## **REVIEW: Governors State University FY22 Compliance Examination**

GSU officials indicated they have not changed timesheet procedures for faculty members/advisors to comply with the Act since the inception of the Act. Further, GSU officials indicated the University continues to review, along with other State universities, time reporting for faculty members, as it relates to existing collectively bargained contractual obligations and will continue to discuss and explore time reporting.

By not requiring positive time reporting from all its employees, the University is not in compliance with the Act.

### **UNIVERSITY RESPONSE:**

The University agrees with this finding and accepts the recommendation. The University currently collects and monitors reported time spent on official business from all nonacademic, civil service, and professional and administrative staff. The University is currently developing a policy, revising its procedures, and reviewing existing time reporting requirements for faculty employees and advisors in connection with its implementation of an electronic timekeeping system.

### **UPDATED RESPONSE:**

In-Progress.

5. **GSU has the ultimate responsibility for ensuring its information system resources are available for authorized use and confidential information is protected from accidental or unauthorized disclosure. Specifically, the auditors recommend the University:**
  - **Document a risk management methodology to manage security risks to university resources.**
  - **Develop a data classification methodology and identify and classify its data to ensure adequate protection of confidential or personal information most susceptible to attack.**
  - **Implement appropriate controls to reduce the risk of unauthorized disclosure.**
  - **Develop and communicate the University's security program (formal and comprehensive policies, procedures and processes) to manage and monitor the regulatory, legal, environmental and operational requirements.**
  - **Establish a formal cybersecurity plan.**
  - **Communicate security policies to employees, students and contractors.**
  - **Develop a project management framework to guide the process of developing and implementing new applications.**

## **REVIEW: Governors State University FY22 Compliance Examination**

- **Develop procedures for security event monitoring and maintain a log of security events.**
- **Provide security training to contractors and ensure employees complete cybersecurity training.**

**FINDING:** *(Weaknesses in Cybersecurity Programs and Practices) – First reported 2019, last reported 2022*

Governors State University (GSU/University) has not fully implemented adequate internal controls related to cybersecurity programs and practices.

As a result of the University's mission to provide higher educational opportunities to its student body, the University maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, educational records, and Social Security numbers within its computerized systems.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies, including universities, 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 had not:

- Documented a risk management methodology to manage security risks to university resources.
- Developed a data classification methodology or identified and classified its confidential and personal data to identify and ensure adequate protection of information.
- Implemented appropriate controls to reduce the risk of unauthorized disclosure.
- Developed a formal, comprehensive, adequate, and communicated security program (policies, procedures, and processes) to manage and monitor the regulatory, legal, environmental and operational requirements.
- Established a formal cybersecurity plan.
- Communicated all of its information system policies to employees, students, and contractors utilizing the University's resources.
- Developed a project management framework to ensure new applications were developed and implemented in accordance with management's intentions.
- Developed written procedures for monitoring security events and did not maintain a log of security events occurring in Fiscal Year 2022.

## **REVIEW: Governors State University FY22 Compliance Examination**

In addition, auditors sampled 25 employees to determine if they had completed cybersecurity training during FY22. Of the randomly selected samples, nine employees were of terminated status. Two (13%) of the remaining 16 employees did not complete the cybersecurity training. Additionally, contractors were not required to complete cybersecurity training.

The University has failed to take substantive corrective actions to resolve the conditions noted in this finding. This condition was first reported in 2019.

GSU officials stated competing priorities hindered the development and adoption of a formal risk management methodology and project management framework during FY22. GSU officials also stated the University has built and implemented cybersecurity training for faculty and staff; however, the two employees who did not complete the training was due to oversight. In addition, GSU officials stated during Fiscal Year 2022, the Information Security Policy was being drafted as the components of the Information Security Program were under consideration.

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

### **UNIVERSITY RESPONSE:**

The University agrees with this finding and accepts the recommendation. The University's Office of Information Technology Services (ITS) has taken or will take the following corrective actions:

- ITS is currently selecting a risk management methodology to adopt and implement.
- The Data Classification policy has been approved, adopted, and publicly posted with all other University policies. Data inventory and classification efforts are planned.
- The Information Security policy has been approved, adopted, and publicly posted with all other University policies.
- New policies and changes to existing policies will be communicated as appropriate as in future ITS communications.
- The establishment of the project management framework is planned.
- A Request for Proposals (RFP) process has begun for security event monitoring services, and appropriate policies, standards, and processes will follow.
- Appropriate training is planned to be established for contractors.

## REVIEW: Governors State University FY22 Compliance Examination

### **UPDATED RESPONSE:**

Partially Implemented. Three remediations were completed. One remediation is 50%-74% complete; another is 25%-49% complete; and several others are under 25% complete.

- 6. The auditors recommend GSU maintain a complete inventory of all computers and further recommend GSU establish formal policies and guidelines for virus detection systems.**

### **FINDING:** *(Computer Security Weaknesses) – First reported 2016, last reported 2022*

Governors State University (GSU/University) had not established adequate controls for its computing environment.

During the examination, auditors requested the University provide a listing of computers in order to determine if the University's computers were properly secured. In response to the auditors' request, the University provided a listing. The auditors compared the listing to other records obtained from the University and concluded the listing was not complete and accurate.

Due to these conditions, auditors were unable to conclude whether the University's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (ATC § 205.36). Even given the population limitations noted above, which hindered their ability to conclude whether the population was complete, auditors performed testing of the information provided.

During the review, the auditors noted formal guidelines for configuration of virus detection software were not established.

This finding was first reported in 2016. In subsequent years, the University has failed to take substantive corrective actions to resolve the conditions noted.

GSU officials indicated competing priorities hindered the development and adoption of formal guidelines for configuration of virus detection software and maintenance and reconciliation of computer inventory listing with the University's Property Control Department records.

Inadequate security controls may result in unauthorized access to, damage to, or theft of university data and computing equipment.

### **UNIVERSITY RESPONSE:**

The University agrees with this finding and accepts the recommendation. The University's Office of Information Technology Services is in the process of building its own inventory of all computing devices, independent of inventories maintained by the property

## **REVIEW: Governors State University FY22 Compliance Examination**

control and procurement offices. In addition, antivirus configurations will be documented and will be used as the basis for future configurations.

### **UPDATED RESPONSE:**

In-Progress. One remediation is 75%-99% complete, and the other one is 50%-74% complete.

#### **7. The auditors recommend GSU:**

- **Monitor and document the operation of the Complimentary User Entity Controls relevant to the University's operations noted in the SOC reports.**
- **Timely review SOC reports from the service providers in order to assess the risk of identified deviations.**

**FINDING:** *(Lack of Complete Review of Internal Controls of Service Providers) – First reported 2021, last reported 2022*

Governors State University (GSU/University) did not obtain or conduct timely and adequate independent internal controls reviews over its service providers.

The University maintains numerous cloud-based solutions with various service providers. These service providers maintain the hardware, software and the data for various applications regarding many sectors, such as campus news and events, student orientation, employment, photographs, student organizations, visitor tracking, course evaluations, and emergency notifications.

The auditors selected a sample of six service providers and requested the University to provide a) documentation of having obtained independent reviews assessing the reliability of controls in place, b) evidence of having reviewed the independent reviews obtained, and c) the University's internal evaluation of the controls related to service providers who did not provide an independent review report. The University was able to provide the System and Organization Control (SOC) reports for these service providers and the review documentation of these reports. However, auditors noted the following:

- Three (50%) SOC reviews performed did not include monitoring and documentation of the operation of the Complimentary User Entity Controls (CUECs) relevant to the University's operations noted in the SOC reports.
- Two (33%) SOC reviews performed were not timely conducted. The University is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

## **REVIEW: Governors State University FY22 Compliance Examination**

GSU officials indicated due to lack of resources, the review process started late in the fiscal year and tracking of CUECs was not in place during FY22.

Without having reviewed a SOC report, another form of independent internal control review, or having performed its own review and evaluation, the University does not have assurance the service provider's internal controls are adequate.

### **UNIVERSITY RESPONSE:**

The University agrees with this finding and accepts the recommendation. A process has been built in which all application administrators are provided with a listing of CUECs (or similar controls where CUECs are not available), along with guidance for compliance. In addition, a Risk and Compliance Analyst position has been created and filled in the Information Technology Services department, which has helped to expedite the review process and catch up on a backlog of service provider reviews.

### **UPDATED RESPONSE:**

In-Progress. Two remediations are 75%-99% complete.

## **8. The auditors recommend GSU:**

- **Maintain records of users' acknowledgement and acceptance of the University's Information Security Policy.**
- **Develop, document, and disseminate, policies and procedures governing the security and control of remote access to address the requirements to obtain remote access, procedures for usage of remote access, and incident and breach notification requirements.**
- **Conduct periodic reviews of users' remote access.**

**FINDING:** *(Remote Access to University Information) – First reported 2021, last reported 2022*

Governors State University (GSU/University) has not developed and documented adequate policies and procedures governing remote access to the University's information systems.

The University has granted remote access to the University's information systems to numerous University faculty, staff and others. Remote access is governed by the user's membership assignment to an organizational unit and is only available to users in specified security groups.

University Policy 64, Acceptable Use Policy for Computing and Networking, Network Security, and Wireless Computing, dictates general policies and procedures for network usage, which also apply to remote users. All users of the system are required to accept

## **REVIEW: Governors State University FY22 Compliance Examination**

Policy 64 before being allowed access to the computer network for the first time; however, the University did not maintain a log or record of users agreeing to the Policy. Further, Policy 64 is general in nature and did not specifically address:

- Requirements to obtain remote access,
- Rules and procedures regarding usage of remote access, and
- Incident and breach notification requirements for users.

Also, auditors noted the University did not have a policy or procedure for conducting periodic reviews of users' remote access and did not conduct such reviews.

The University has drafted an Information Security Policy that provides statements on security-related policies, programs, guidelines, and criteria. Such Policy will be the basis for developing specific procedures. The draft policy has not been approved for implementation during Fiscal Year 2022. Subsequently, the policy has been approved and issued on the University website in March 2023.

GSU officials stated at the time of the examination, they did not believe it was necessary to maintain a record of staff acknowledgement of University Policy 64.

Failure to develop, document and disseminate policies and procedures related to security and control of remote access increases the risk of unauthorized access and inappropriate usage of university resources. Failure to maintain a record of users acknowledging and accepting the University' computer use policy increases the risk the University may not be able to enforce the policies as there is no documentation of the employee agreeing to them.

### **UNIVERSITY RESPONSE:**

The University agrees with this finding and accepts the recommendation. As part of the recently adopted information security program, formal policies and processes regarding the assignment, revocation, and monitoring of remote access privileges will be implemented.

### **UPDATED RESPONSE:**

In-Progress. Two remediations are 50%-74% complete, and the other two remediations are under 25% complete.

## **9. The auditors recommend GSU:**

- **Establish policies dedicated to the processing of PCI transactions. Such policies would establish the framework for procedures to ensure PCI DSS compliance.**

## REVIEW: Governors State University FY22 Compliance Examination

- **At least annually, assess each location accepting credit card payments and match the method of acceptance to the appropriate SAQ and complete the appropriate SAQ(s) for its environment and maintain documentation supporting its validation efforts.**
- **Provide annual security training to employees involved in the processing of cardholder data.**

**FINDING:** *(Weaknesses with Payment Card Industry Data Security Standards) – First reported 2021, last reported 2022*

Governors State University (GSU/University) had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS).

In FY22, the University accepted approximately 18,815 credit card transactions estimated at \$15.3 million.

Upon review of the University's efforts to ensure compliance with PCI DSS, auditors noted the University had not:

- Established formal policies dedicated to the processing of PCI transactions,
- Completed formal assessments of each location (19 of 20 merchants) accepting credit card payments, including the appropriate Self-Assessment Questionnaire (SAQ) and certifying compliance, and
- Ensured all employees involved in the processing of cardholder data received annual security training.

PCI DSS was developed to detail security requirements for entities that store, process, or transmit cardholder data. Cardholder data is any personally identifiable data associated with a cardholder. To assist merchants in the assessments of their environment, the PCI Council has established SAQ for validating compliance with PCI's core requirements.

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

University officials stated a lack of sufficient resources hindered efforts to bring University merchants into compliance with PCI-DSS during FY22.

Failure to establish formal policies, conduct annual PCI security training, and complete SAQs on all merchants could result to the lack of guidance to personnel to ensure PCI

## **REVIEW: Governors State University FY22 Compliance Examination**

DSS compliance or identity theft or the loss of credit card data, or loss of the right to utilize certain credit card providers if not in compliance with current PCI standards.

### **UNIVERSITY RESPONSE:**

The University agrees with this finding and accepts the recommendation. A comprehensive policy has been drafted which establishes formal controls to reduce the scope of payment card environments and more quickly reach full compliance with PCI DSS for each University merchant. The policy is currently being reviewed internally. In parallel with the aforementioned policy, some of the University's less complex merchants have been brought into compliance with PCI DSS, and efforts are underway with others.

### **UPDATED RESPONSE:**

Partially Implemented. One remediation was completed. One other remediation is 75%-99% complete, and the other one is 50%-74% complete.

## **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.

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.

## **REVIEW: Governors State University FY22 Compliance Examination**

In FY22, GSU spent \$173,750 for Construction that involving threat to public health or public safety, removal and repair of failing coffers.

### **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 July 2022, GSU had no employees assigned to locations others than official headquarters.