

# LEGISLATIVE AUDIT COMMISSION



Review of  
Governors State University  
Statewide Single Audit

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

**REVIEW: #4572 - FY23 Statewide Single Audit – Governors State University**

**REVIEW: 4572  
GOVERNORS STATE UNIVERSITY  
STATEWIDE SINGLE AUDIT**

**YEAR ENDED JUNE 30, 2023**

**TOTAL FINDINGS/RECOMMENDATIONS: 5  
TOTAL REPEATED FINDINGS: 1**

**TOTAL PRIOR AUDIT FINDINGS/RECOMMENDATIONS: 3**

**RECOMMENDATIONS  
GOVERNORS STATE UNIVERSITY (GSU)**

**2023-01. The auditors recommend GSU update its policies and procedures to describe testing and documentation requirements for each type of change.**

**Further, they recommend GSU strengthen controls to ensure proper segregation of duties are established by restricting developers' access to the production environment and ensure Change Control Board's approval is obtained prior to deploying changes to the production environment.**

**FINDING:** *(Weaknesses in Change Control Processes) - New*

Governors State University (University) did not have adequate controls around its change control process and had not adequately controlled developer access to its production environment.

The University established a change management process describing the process from initiation until post-implementation review. However, during the review of the University's change control policies and procedures, they noted the following:

- The change policy did not describe testing and documentation requirements for each type of change.
- One (2%) of 46 changes was deployed to the production environment prior to obtaining the Change Control Board's approval.
- Developers had access to the production environment, resulting in a segregation of duties.

GSU officials stated these exceptions were due to resource constraints and competing priorities. Further, GSU officials stated the one change completed without approval was due to misunderstanding on the part of the employee.

## **REVIEW: #4572 - FY23 Statewide Single Audit – Governors State University**

Failure to establish adequate controls and documentation around the change control process and obtaining proper approvals from the Change Control Board, may lead to the University being unable to monitor and ensure only valid, authorized changes are deployed in the University's Information Technology environment. Also, allowing developers to access the production environment results in segregation of duties weakness and increases the risk of unauthorized changes being made to the computing system. (Finding Code No. 2023-001)

### **UNIVERSITY RESPONSE:**

The University agrees with this finding and accepts the recommendation. The University's Office of Information Technology Services (ITS) takes pride in the culture of compliance that has been established around the change control process. The University has existing procedures in place to identify and document noncompliance with the established change control procedures. The one instance of change that was deployed to the production environment prior to obtaining approval has been subsequently identified and discussed in one of the ITS Change Control Board meetings, and has been documented in the related meeting minutes. ITS will update the change control procedures to more explicitly specify the requirements for testing and documentation.

Regarding the issue noted on segregation of duties, the ITS Applications team has implemented a process whereupon the individual installing changes in production is different from the individual installing changes in test. Since the auditors determined that this process is not sufficient, ITS leadership will evaluate alternatives and request additional department funding to implement a more rigorous solution.

### **UPDATED RESPONSE:**

The audit report came out March 28, 2024. GSU was not asked for updated responses because the report was released last month.

### **2023-02. 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 2023*

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

During the audit, auditors tested 33 students who experienced a change in enrollment status during the fiscal year. The auditors testing identified two students (6%) whose enrollment status change was not reported timely to the NSLDS. The student enrollment status changes were reported 236 and 353 days late after the date of occurrence. The sample was not intended to be, and was not, a statistically valid sample.

## **REVIEW: #4572 - FY23 Statewide Single Audit – Governors State University**

GSU officials stated the students noted were granted administrative withdrawal for a single course after the semester (the students registered for) ended, which resulted in a change of enrollment from Full-time to Three-Quarters of a Time. The University reports enrollment status changes to NSLDS through the National Student Clearinghouse (NSC), a third-party servicer. Changes to enrollment that occur after the term has been reported will not be updated in NSLDS by changes made by the University in NSC. Those enrollment changes need to be updated directly in the NSLDS enrollment history update function.

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. (Finding Code No. 2023-002, 2022-002, 2021-003)

### **UNIVERSITY RESPONSE:**

The University agrees with this finding and accepts the recommendation. The University has already identified a method to report directly to NSLDS all enrollment changes occurring after the end of the term. The University will continue to update timely the NSLDS enrollment history as needed when the situation of late withdrawals occurs beyond the reporting dates.

### **UPDATED RESPONSE:**

The audit report came out March 28, 2024. GSU was not asked for updated responses because the report was released last month.

### **2023-003. The auditors recommend GSU continue towards completion and full implementation of the written incident response plan.**

#### **FINDING:** *(Noncompliance with Gramm-Leach-Bliley Act) – New*

Governors State University (University) did not establish a written incident response plan designed to promptly respond to, and recover from, any security event materially affecting the confidentiality, integrity, or availability of customer information in their control.

During the audit, auditors noted the University was unable to complete the development of the written incident response plan as of the end of the audit period.

On December 9, 2021, the Federal Trade Commission issued final regulations to amend the Standards for Safeguarding Customer Information (Safeguards Rule), an important component of the Gramm-Leach-Bliley Act's (GLBA) requirements for protecting the privacy and personal information of consumers.

The Code of Federal Regulations (16 CFR 314.4 (h)) requires the University to develop, implement and maintain an information security program which includes establishing a written incident response plan designed to promptly respond to, and recover from, any

## **REVIEW: #4572 - FY23 Statewide Single Audit – Governors State University**

security event materially affecting the confidentiality, integrity, or availability of customer information in its control.

At a minimum, such incident response plan shall address the following areas:

- the goals of the incident response plan;
- the internal processes for responding to a security event;
- the definition of clear roles, responsibilities, and levels of decision-making authority;
- external and internal communications and information sharing;
- identification of requirements for the remediation of any identified weaknesses in information systems and associated controls;
- documentation and reporting regarding security events and related incident response activities; and
- the evaluation and revision as necessary of the incident response plan following a security event.

Additionally, the Uniform Guidance (2 CFR 200.303(a)) requires nonfederal entities receiving federal awards establish and maintain effective internal control designed to reasonably ensure compliance with federal laws, statutes, regulations, and the terms and conditions of the federal award.

University officials stated the University has started the process of developing the written incident response plan but has not been completed to date due to the resource constraints and competing priorities.

The intent of the GLBA Safeguards Rule is to enhance security over confidential information. Without a documented response to all applicable requirements, the University is more susceptible to vulnerabilities as it relates to protecting the privacy and personal information of students than it will be following full implementation. (Find Code No. 2023-003)

### **UNIVERSITY RESPONSE:**

The University agrees with this finding and accepts the recommendation. The University is currently drafting the incident response plan and is working to secure a contract with an incident response firm. Additionally, the University recently hired an Information Security Analyst, a newly created position designed to address smaller-scale alerts and incidents.

### **UPDATED RESPONSE:**

The audit report came out March 28, 2024. GSU was not asked for updated responses because the report was released last month.

**2023-004. The auditors recommend GSU timely reconcile payroll and ensure employees certify 100% of time worked to allow for adequate application**

**REVIEW: #4572 - FY23 Statewide Single Audit – Governors State University**

**of allowable cost and cost principles requirements for the Head Start Cluster.**

**FINDING:** *(Inadequate Controls over Payroll Expenditures and Noncompliance with Allowable Cost & Cost Principles Requirements Applicable to the Head Start Cluster) – New*

The Governors State University (University) did not have adequate controls over payroll expenditures and did not comply with the allowable cost and cost principles requirements applicable to the Head Start Cluster.

During the auditors testing of Head Start Cluster payroll expenditures amounting to \$555,569, auditors noted the following:

- There is no periodic reconciliation performed between the amount actually worked on the grant (i.e. certified time and effort reports) against payroll expenditures to ensure the amount charged to the grant was accurate. Payroll expenditures for five (five) of twelve (12) employees tested were charged to the Early Head Start program using incorrect time and effort rates. The actual amounts charged to the grant were less than computed payroll expenditures using the certified time and effort rates. These differences were not adjusted at year-end to ensure the accuracy of the accounting records and schedule of expenditures of federal awards. The questioned costs were (\$37,377). The sample was not intended to be, or was not, a statically valid sample.
- The auditors testing of payroll expenditures identified 12 instances out of 12 employees tested who worked on multiple federal awards and/or nonfederal awards lacked appropriate supporting documentation to account for 100% actual time and effort certification of the employees for each reporting period to provide a basis to reconcile with payroll distribution used in charging these awards. The University's time and effort certification shows only the percentage of effort for each employee on a specific grant. As a result, auditors were unable to ascertain the accuracy of the payroll expenditure charged as a whole. The sample was not intended to be, and was not, a statistically valid sample.

The University's effort reporting guidelines requires the University to have a periodic review of the salary distribution system to confirm the reasonableness of the charges to the federal projects. In addition, the University is required to review, update, and prepare salary reallocations, and if necessary, make appropriate changes to the effort reports and certify reports on a quarterly basis to ensure that the salaries charged to federally sponsored projects are reasonable and consistent with the portion of activity committed to projects. The effort report must represent, in percentages totaling 100%, a reasonable estimate of an employee's University compensated effort for the period.

University officials stated the reconciliation process for time and effort reports is in place; however, staffing constraints resulted in some delays in the reconciliation process. The

## **REVIEW: #4572 - FY23 Statewide Single Audit – Governors State University**

Early Head Start program is a calendar year grant that runs from January through December. The necessary adjustments to correct the differences noted for 2023 were made by the University after fiscal year end, but within the grant's budget period. University officials stated 100% of work is captured on Human Resource and workflow records but not on the certification forms.

Failure to accurately charge sponsored agreements for the equitable distribution of employee compensation may result in federal expenditures being disallowed and could jeopardize future federal funding. (Finding Code No. 2023-004)

### **UNIVERSITY RESPONSE:**

The University agrees with this finding and accepts the recommendation. The University has updated its process to collect time and effort information on a semi-annual basis rather than quarterly, which relieves some burden from staff, but still complies with federal regulations. By collecting time and effort information on a semi-annual basis, staff will have more time to reconcile time and effort against actual payroll expenditures. The University has also redesigned the time and effort collection form to show the 100% distribution of work. Further, the University now has a full-time financial research administrator who will help ensure that payroll-related adjustments are done timely. The financial research administrator will work with the Early Head Start program management to ensure that the related payroll reports are reviewed and reconciled timely, in accordance with existing University procedures.

### **UPDATED RESPONSE:**

The audit report came out March 28, 2024. GSU was not asked for updated responses because the report was released last month.

## **2023-005. The auditors recommend GSU improve its procedures to ensure timely submission of required reports.**

### **FINDING:** *(Failure to File Real Property Status Report) – New*

Governors State University (University) failed to submit the required annual real property status report (SF-429).

During the audit, auditors identified the University did not submit the calendar year 2022 SF-429 report. The SF-429 report must be submitted by all grantees on the same date the grantee's SF-425 Final Federal Financial Report for the budget period is due.

University officials stated the SF-429 report was inadvertently not submitted as there was no real property acquired from the grand funds.

Failure to meet grant reporting requirements is a noncompliance with the related grant request for proposal and application agreement and could result in loss of grand funding in future years. (Finding Code No. 2023-005)

**REVIEW: #4572 - FY23 Statewide Single Audit – Governors State University**

**UNIVERSITIES RESPONSE:**

The University agrees with this finding and accepts the recommendation. Existing procedures are already in place to ensure that required reports are submitted. As indicated in the finding above, this was just a misunderstanding on the part of the employee submitting the report as there was no real property acquired from the Early Head Start grant funds. The University believes that this matter did not have a direct and material effect on the University's compliance with federal requirements.

**UPDATED RESPONSE:**

The audit report came out March 28, 2024. GSU was not asked for updated responses because the report was released last month.