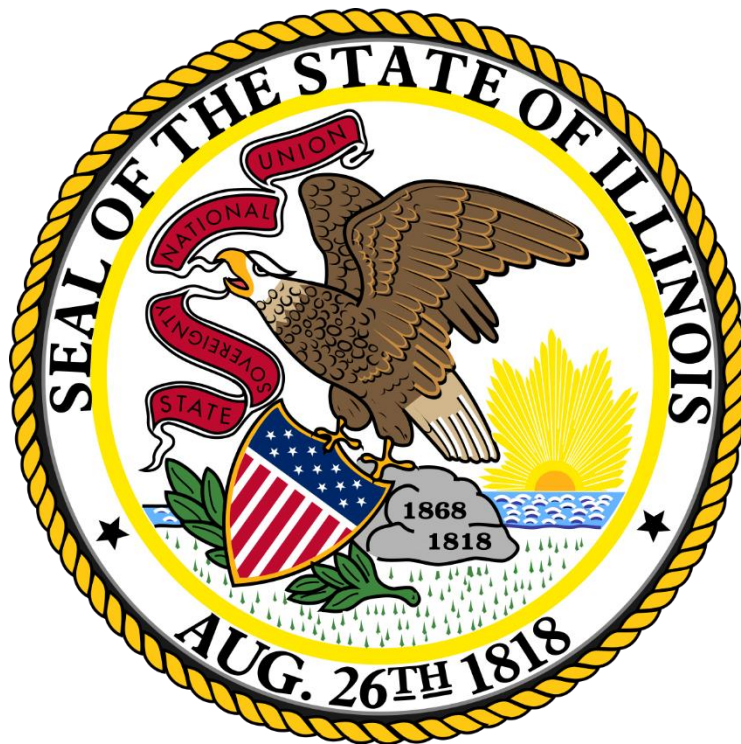


LEGISLATIVE AUDIT COMMISSION



Review of
Illinois Board of Higher Education
For the Two Years Ended June 30, 2023

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

REVIEW:#4576
ILLINOIS BOARD OF HIGHER EDUCATION
For the Two Years Ended June 30, 2023

RECOMMENDATIONS – 17

ACCEPTED - 17

REPEATED RECOMMENDATIONS – 9

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 11

This review summarizes the auditors' report of the Illinois Board of Higher Education for the two years ended June 30, 2023, filed with the Legislative Audit Commission on July 16, 2024. The auditors conducted a compliance examination in accordance with state law and Government Auditing Standards.

Introduction

The Illinois Board of Higher Education (IBHE) is responsible for planning and coordinating the state's system of higher education and promotes the attainment of high-quality postsecondary credentials in response to student, employer, and economic development demands. The agency is overseen by a sixteen-member board, appointed by the Governor with the advice and consent of the Senate. The Board was created in 1961 and has program approval and grants operating authority for the nine public universities, 39 community colleges, and numerous independent colleges and universities. Additionally, in 2012, the Board became responsible for overseeing the private business and vocational schools offering programs and/or courses in Illinois which prepare individuals for a trade, occupation, vocation, profession; or improves, enhances or adds to skills and abilities related to occupational/career opportunities.

IBHE is responsible for the administration and enforcement of the Academic Degree Act, Private College Act, Private Business and Vocational Schools Act of 2012, and the Higher Education Distance Learning Act.

Appropriations and Expenditures

Appropriations (\$ thousands)	FY22		FY23	
	Approp	Expend	Approp	Expend
GENERAL FUNDS				
Admin & Enforc of P-20 Longitudinal Ed Data	381.8	381.7	381.8	369.8
Implementation of Strategic Plan	250	142.6	250	249.2
My Crdits Transfer	183.3	183.3	183.3	183.3
Operational Expenses	2424.1	2332.9	2844.1	2820.8

Quad Cities Higher Ed Assessment	500	0	0	0
Quad Cities Higher Ed Assessment Reapprop	0	0	500	0
Common Application Initiative	1000	995.3	1000	830.1
Grants				
Competitive Grants for Nursing Schools	373.9	373.9	750	750
Cooperative Work Study	980.5	980.5	980.5	980.5
Creating Pathways & Access for Stud. Succ.	1433.6	904.3	1433.6	1430
Diversifying Higher Ed Faculty in IL (DFI)	1456.5	1427.5	1981.5	1704.4
Grow Your Own Teachers	2466.3	2466.3	2466.3	2466.3
IL Math & Science Academy Fusion	95.9	95.9	95.9	95.9
Mental Health Early Action on Campus	0	0	2340	0
Nurse Educator Fellowships	197.4	180	400	400
Quad Cities Graduate Study Center	73.8	73.8	73.8	73.8
University Center of Lake County	1055.7	1055.7	1055.7	1055.7
TOTAL GENERAL FUNDS	12872.8	11593.7	16736.5	13409.8
OTHER STATE FUNDS				
Admin & Enforc of Priv. College Act	100	2.3	100	0.7
Admin & Enforc of Academic Degree Act	600	163.3	600	100.3
Admin & Enforc of Priv. Bus. & Voc. Sch. Act	650	235.9	650	97.4
Comm. Behavioral Health Wkfc. Ed. Ctr.	0	0	10000	2,452.9
Distance Learning	100	83.3	150	0
IBHE Data and Research Cost Recovery Fund	30	0	30	0
TOTAL OTHER STATE FUNDS	1480	484.8	11530	2,651.3
FEDERAL FUNDS				
High Impact Tutoring	0	0	25000	10000
Grants				
ARPA - Grow Your Own Teachers	1,033.7	0	0	0
ARPA - Grow Your Own Teachers Reapprop	0.0	0	1,033.7	500
CARES Act - Gov's Emergency Ed Relief Fund	43000	11,065.4	43000	15000
Federal Contracts	30500	4,227.4	5500	105.7
Grants & Costs Ass. w/ Early Childhood Cons.	30000	301.9	60000	7131
TOTAL FEDERAL FUNDS	104,533.7	15,594.7	134,533.7	32,736.7
TOTAL	118,886.5	27,673.2	162,800.2	48,797.8

Accountants' Findings and Recommendations

Condensed below are the 17 findings and recommendations included in the audit report. Of these, 9 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by the Illinois Board of Higher Education, via electronic mail received July 16, 2024.

1. The auditors recommend the Board design and maintain internal controls to provide assurance its data entry of key attributes into ERP is complete and accurate. Further, they recommend the Board approve proper bills within 30 days of receipt and approve vouchers for payment of interest due to vendors. Furthermore, they recommend the Board ensure interest due is paid to vendors. Finally, they recommend the Board ensure vouchers are properly supported with vendor invoices to avoid overpayments.

FINDING: *(Voucher Processing Internal Controls Not Operating Effectively) – New*

The Board of Higher Education's (Board) internal controls over its voucher processing function were not operating effectively during the examination period.

The Board implemented the Enterprise Resource Planning System (ERP) effective Fiscal Year 2023.

Fiscal Year 2022

Non-Payroll Expenditures

During their testing of 25 vouchers totaling \$324,193, the auditors noted the following:

- Two (8%) of the vouchers tested, totaling \$12,080, were not supported with the vendors' invoices.

The State Records Act (5 ILCS 160/8) requires the Board to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the Board designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the Board's activities.

- Nine (36%) of the vouchers tested, totaling \$110,682, were approved for payment between two to 282 days late.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70(b)) requires the Board to review a bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after receiving the bill.

- Two (8%) vouchers tested, totaling \$29,311, were paid late and the Board did not pay interest owed to the vendors, totaling \$1,736.

The State Prompt Payment Act (30 ILCS 540/3-2(1.05)) requires any bill approved for payment under the Act to be paid within 90 days of receipt of a proper bill or

invoice. If payment is not issued to the payee within this 90-day period, an interest penalty of 0.033% per day outstanding is applied, until the final payment is made.

Awards and Grants Expenditures

During their testing of 30 awards and grants vouchers totaling \$1,483,042, the auditors noted the following:

- One (3%) of the vouchers tested, totaling \$23,959, had no approval from the Board head or designee.

The State Finance Act (30 ILCS 105/9.02(b)(1)) requires every voucher to have the signature of the officer responsible for approving and certifying vouchers and, if authority to sign the responsible officer's name has been properly delegated, the signature of the person actually signing the voucher.

- Four (13%) of the vouchers tested, totaling \$305,149, were approved for payment between 34 to 111 days late.

The Illinois Administrative Code (74 Ill. Admin. Code 900.70(b)) requires the Board to review a bill and either deny the bill in whole or in part, ask for more information necessary to review the bill, or approve the bill in whole or in part, within 30 days after receiving the bill.

Fiscal Year 2023

Due to the auditor's ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), they were able to limit their voucher testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board's internal controls related to voucher processing and subsequent payment of interest, they selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the State's Enterprise Resource Planning (ERP) System based on supporting documentation. The attributes tested were 1) vendor information, 2) expenditure amount, 3) object(s) of expenditure, and 4) the later of the receipt date of the proper bill or the receipt date of the goods and/or services.

The auditors testing noted the following attributes were not properly entered into the ERP System. Therefore, the Board's internal controls over voucher processing **were not operating effectively**.

- 14 of 140 (10%) general vouchers
- 5 of 120 (4%) awards and grants vouchers

The Statewide Accounting Management System (SAMS) (Procedure 17.20.20) requires the Board to, after receipt of goods or services, verify the goods or services received met

the stated specifications and prepare a voucher for submission to the Comptroller's Office to pay the vendor, including providing vendor information, the amount expended, and object(s) of expenditure. Further, the Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.30) requires the Board maintain records which reflect the date goods were received and accepted, the date services were rendered, and the proper bill date. Finally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board establish and maintain a system of internal fiscal and administrative controls to provide assurance expenditures are properly recorded and accounted for to maintain accountability over the State's resources.

Due to this condition, auditors qualified their opinion because they determined the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, the auditors conducted an analysis of the Board's expenditures data for fiscal year 2023 to determine compliance with the State Prompt Payment Act (Act) (30 ILCS 540) and the Code (74 Ill. Admin. Code 900.70). We noted the following noncompliance:

- The Board owed five vendors interest totaling \$1,009 in fiscal year 2023; however, the Board had not approved these vouchers for payment to the vendors.

The Act (30 ILCS 540) requires agencies to pay vendors who had not been paid within 90 days of receipt of a proper bill or invoice interest.

- The Board did not timely approve 295 of 327 (90%) vouchers processed during the examination period, totaling \$10,035,537. The auditors noted these late vouchers were approved between 1 and 324 days late.

The Code (74 Ill. Admin. Code 900.70) requires the Board to timely review each vendor's invoice and approve proper bills within 30 days after receipt.

Board officials indicated these issues were due to key employee turnover and other competing priorities.

Failure to maintain vendor invoices could result in improper payments and represents noncompliance with the State Records Act. Failure to properly enter the key attributes into the State's ERP when processing a voucher for payment hinders the reliability and usefulness of data extracted from the ERP, which can result in improper interest calculations and expenditures. Further, failure to timely process proper bills and approve vouchers for payment of interest due represents noncompliance with the Code and the Act.

BOARD RESPONSE:

The Board agrees with the finding. The Board has obtained additional training and hiring additional staff to ensure vouchers are processed properly in the State ERP System.

2. **The auditors recommend the Board to design and maintain internal controls to provide assurance that its data entry of key attributes into ERP is complete and accurate.**

FINDING: *(Receipt Processing Internal Controls Not Operating Effectively) – First reported 2021, Last 2023*

The Board of Higher Education's (Board) internal controls over its receipt processing function were not operating effectively during the examination period.

FISCAL YEAR 2022

During testing of four refund receipts, the auditors noted one of four (25%) refund receipts tested, totaling \$15,000, did not have the date when the receipt was received by the Board. As such, they were unable to determine if the Board deposited the receipts in a timely manner.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Board "keep in proper books a detailed itemized account of all moneys received for or on behalf of the State of Illinois, showing the date of receipt, the payor, and purpose and amount, and the date and manner of disbursement."

FISCAL YEAR 2023

Due to the auditor's ability to rely upon the processing integrity of the Enterprise Resource Planning System (ERP) operated by the Department of Innovation and Technology (DoIT), they were able to limit their receipt testing at the Board to determine whether certain key attributes were properly entered by the Board's staff into the ERP. In order to determine the operating effectiveness of the Board's internal controls related to receipt processing, they selected a sample of key attributes (attributes) to determine if the attributes were properly entered into the ERP System based on supporting documentation. The attributes tested were (1) amount, (2) fund being deposited into, (3) date of receipt, (4) date deposited, and (5) SAMS Source Code.

During their testing of 28 receipts during the year, the auditors noted 79 of 140 (56%) attributes were not properly entered into the ERP System. Therefore, the Board's internal controls over receipt processing **were not operating effectively**.

In addition, during their testing of 20 refund receipts during the year, the auditors noted 32 of 80 (40%) attributes were not properly entered into the ERP System. Therefore, the Board's internal controls over receipt processing **were not operating effectively**.

The State Officers and Employees Money Disposition Act (Act) (30 ILCS 230/2(a)) requires the Board to maintain a detailed record of all moneys received, which is to include

date of receipt, the payor, purpose and amount, and the date and manner of disbursement. Additionally, Statewide Accounting Management System (Manual) (Procedure 25.10.10) requires the Board to segregate the moneys into funds and document the source of the moneys. Further, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance revenues, expenditures, and transfers of assets, resources, or funds applicable to the 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.

Due to this condition, the auditors qualified their opinion because they determined the Board had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

Even given the limitations noted above, the auditors conducted an analysis of the Board's receipts data for fiscal year 2023 to determine compliance with the Act. They noted:

- The Board's receipts data did not document the date on which the payment was received for 1,180 of 1,203 (98%) receipts. As such, they were unable to determine if the Board deposited the receipts in a timely manner.

The Act (30 ILCS 230/2(a)) requires the Board to maintain a detailed record of all money received, which is to include date of receipt, the payor, purpose and amount, and the date and manner of disbursement.

Board officials indicated these issues were due to key employee turnover and other competing priorities.

Failure to properly enter the key attributes into the State's ERP when processing a receipt hinders the reliability and usefulness of data extracted from the ERP, which can result in improper recording of revenues and accounts receivable. Failure to maintain adequate controls over its receipt processing procedures and related fiscal records represents noncompliance with applicable statutes and could also lead to errors in information reported.

BOARD RESPONSE:

The Board agrees with the finding. The Board has obtained additional training to ensure vouchers are processed properly in the State ERP System.

- 3. The auditors recommend the Board strengthen its internal controls and ensure reports are complete and filed timely. Further, they recommend the Board maintain accurate property control records.**

FINDING: *(Inadequate Controls over State Property) – First reported 2013, Last 2023*

The Board of Higher Education (Board) did not exercise adequate controls over the recording and reporting of State property.

During testing of C-15 reports, annual inventory certification, and general vouchers, the auditors noted the following:

- One of eight (13%) *Agency Reports of State Property* (Form C-15) was not timely filed with Office of Comptroller (Comptroller). The report was filed 87 days late.

The Statewide Accounting Management System (SAMS) Manual (Procedure 29.20.10) requires reports to be filed on a quarterly basis and should be submitted to the Office of Comptroller no later than the last day of the month following the last day of the quarter.

- The Board did not take appropriate measures to verify the property listing submitted to the Department of Central Management Services (CMS) was accurate. They noted the amounts reported on the property listing submitted to CMS did not agree with the December 2021 and December 2022 Form C- 15s, with discrepancies of \$40,829 and \$5,102 respectively. In addition, the December 2021 Inventory Certification Report was submitted 89 days late to CMS.

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5010.460) requires the Board to make an annual physical inventory of State equipment in its possession and to provide CMS, on an annual basis, a listing of all equipment items with a value greater than the nominal value and equipment that is subject to theft with a value less than the nominal value, on dates designated by CMS.

- The detailed property records provided by the Board did not agree with the Form C-15 report filed with the Office of Comptroller for the fourth quarter of Fiscal Year 2023. A difference of \$38,417 was noted.

SAMS (Procedure 29.10.10) requires the Board to maintain detailed property records and update property records as necessary to reflect the current balance of the State property. The C-15 should be reconciled to the Board's records.

- For one of six (17%) equipment items purchased, totaling \$2,258, the Board was unable to provide the supporting invoice. As a result, auditors were unable to determine if asset was recorded at its proper value in the Board's property control records.

The State Records Act (5 ILCS 160/8) requires the Board to make and preserve records containing adequate and proper documentation of its essential transactions to protect the legal and financial rights of the State and of persons directly affected by the Board's activities.

During testing of 56 equipment items, split between a sample of 28 items traced from the Board's property listing and 28 items in service at the Board, the auditors noted the

following issues:

- Four of 28 (14%) equipment items selected from the Board's property listing, totaling \$7,085, were unable to be located.
- One of 28 (4%) equipment items selected from the Board's property listing, totaling \$2,410, was found in a different location than the location listed in the Board's inventory records.
- One of 28 (4%) equipment items selected from the Board's property listing totaling \$9,892, was obsolete to the needs of the Board; however, this item was not included in the Board's surplus inventory report.
- One of 28 (4%) equipment items selected from the Board's property listing, totaling \$1,568, was included in the Board's surplus inventory report; however, this item was still listed in the Board's inventory records. In addition, the amount reported on the surplus inventory report did not agree with the amount reported on the inventory records for this item. A difference of \$1,324 was noted.
- One of 28 (4%) equipment items selected from the Board's property listing, totaling \$1,048, was recorded twice in the Board's inventory records.
- Twenty-two of 28 (79%) equipment items selected at the Board were not included on the Board's inventory records. Twenty-one (75%) of these items were also not included on the annual inventory report submitted to CMS.
- One of 28 (4%) equipment items selected at the Board did not have an inventory tag; as such, auditors could not trace this item to the Board's inventory records, and annual inventory record submitted to CMS.

SAMS (Procedure 29.10.10) requires the Board to maintain current property records, including the location, cost, and a short description of the asset.

The Code (44 Ill. Admin. Code 5010.230) requires the Board to correctly enter each item's identification number, location code number, description, purchase price, object code, and voucher number on its property listing.

Finally, this finding was first noted during the Board's compliance examination for the period ended June 30, 2013, over 10 years ago. As such, Board management has been unsuccessful in implementing a corrective action plan to remedy these problems.

Board officials indicated these issues were caused by key employee turnover and oversight.

Failure to submit statutorily required reports in a timely manner prevents the appropriate oversight authorities from receiving relevant feedback for monitoring of programs and can

have an effect on future decisions and reports. Inaccurate property reporting reduces the reliability of statewide property information. Failure to exercise adequate control over property and to maintain accurate property control records increases the potential for fraud and possible loss or theft of State property.

BOARD RESPONSE:

The Board agrees with the finding. The Board will strengthen its internal controls and ensure reports are complete and filed timely. The Board will also maintain accurate property control records.

4. The auditors recommend the Board ensure monthly reconciliations of its activity to the Comptroller's records are timely performed, reviewed and documented.

FINDING: *(Inadequate Controls over Reconciliations) – New*

The Illinois Board of Higher Education (Board) did not perform monthly reconciliations of the Board's activity to the Office of the Comptroller's (Comptroller) records in accordance with the Statewide Accounting Management Systems (SAMS) Manual.

- The Board did not perform Fiscal Year 2022 monthly reconciliations for:
 - All (100%) Monthly Appropriations Status Reports (SB01).
- The Board did not perform Fiscal Year 2023 monthly reconciliations for:
 - 9 of 12 (75%) Monthly Appropriations Status Reports (SB01) for all funds.
 - One of twelve (8%) Monthly Appropriations Status Reports (SB01) consisting of 11 funds were reconciled between 20 to 26 days late.
- The Board did not perform Fiscal Year 2022 and Fiscal Year 2023 monthly reconciliations for:
 - All (100%) Monthly Agency Contract Reports (SC14).
 - All (100%) Monthly Revenue Status Reports (SB04).
 - All (100%) Monthly Cash Reports (SB05).

The SAMS (Procedure 07.30.20) requires the Board to reconcile its records on a monthly basis within 60 days of the month end. The SAMS Procedure also notes the effectiveness of any accounting and financial information system is very much dependent on the accuracy of data submitted and the confidence of its users that the system handled that

data properly. The Board's reconciliation is the primary control that ensures these requirements are being satisfied.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance 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 reports and to maintain accountability over the State's resources.

Board officials indicated these issues were caused by key employee turnover.

Failure to prepare and review the reconciliations in a timely manner could result in errors not being timely detected and corrected, hinders accountability over State funds, and represents noncompliance with State laws, rules, and regulations.

BOARD RESPONSE:

The Board agrees with the finding. The Board has hired and trained staff to complete reconciliation in a timely manner.

- 5. The auditors recommend the Board strengthen its control to ensure travel reimbursements are properly supported and timely submitted by the travelers. Further, they recommend the Board ensure request for travel outside of Illinois is submitted to GOMB at least 30 days in advance of the departure date.**

FINDING: *(Inadequate Control over Compliance with Travel Regulations) – New*

The Board of Higher Education (Board) did not have adequate controls over compliance with travel regulations.

During testing of 38 travel vouchers, the auditors noted the following:

- Five (13%) travel vouchers tested, totaling \$1,936, were approved for payment between 2 and 42 days late.

The Illinois Administrative Code (Code) (74 Ill. Admin. Code 900.70(b)) requires the Board to approve the bill or deny the bill with defects, in whole or in part, within 30 days after receipt of the bill.

- Two (5%) out-of-state travel vouchers tested, totaling \$2,025, were not supported with requests for travel. In addition, one (3%) out-of-state travel vouchers tested, totaling \$808, travel request was not submitted 30 days in advance of the departure date to the Governor's Office of Management and Budget.

The Illinois Administrative Code (80 Ill. Admin. Code 2800.700(b)) requires travel outside of Illinois to be approved by the Governor's Office of Management and Budget (GOMB) prior to the travel. All requests are required to be submitted to GOMB's on-line travel system (eTravel) at least 30 days in advance of the departure date.

- Two (5%) of the travel reimbursements, totaling \$1,510, were submitted to the Board by the travelers 67 and 69 days after the last day of travel.

The Internal Revenue Service, Publication 535, Business Expenses, requires travelers to submit an adequate accounting of all business expenses within 60 days after the last date of travel.

- For 2 (5%) Out-of-State travel vouchers tested, totaling \$1,637, the Board did not have any documentation that requests for travel were prepared by the travelers and approved by the immediate supervisor and the Executive Director.

The Board's Personnel Policy (Travel) requires its employees to obtain approval of travel request from the immediate supervisor. In addition, requests for out-of-state travel must also be approved in writing and in advance by the Executive Director.

Board officials indicated the exceptions were due to high staff turnover.

Failure to exercise adequate internal controls over payments of travel expenditures increases the likelihood errors and other irregularities could occur and not be detected in a timely manner, and resulted in noncompliance with State laws, rules, and regulations.

BOARD RESPONSE:

The Board agrees with the finding. The Board has updated its travel procedures to ensure prior approval is submitted in writing and in advance to the Director as it is stated in the Personnel Policy. The staff has also received additional training to ensure that travel vouchers are processed properly and timely in the State Enterprise Resource Planning System.

6. The auditors recommend the Board strengthen controls to ensure reports are properly and timely submitted.

FINDING: *(Noncompliance with Reporting Requirements) – First reported 2021, Last 2023*

The Board of Higher Education (Board) did not comply with various reporting requirements.

During testing, the auditors noted the following:

- The Board did not submit its Vehicle Use Policy to the Department of Central Management Services.

The State Vehicle Use Act (Act) (30 ILCS 617/10(b)) requires all vehicle use policies, other than those drafted by a constitutional officer, to be submitted to the Division of Vehicles within the Department of Central Management Services.

- The Board failed to file one of four (25%) Travel Headquarter Reports (Form TA-2) required to be filed with the Legislative Audit Commission (Commission).
- The Board untimely filed two of four (50%) Travel Headquarter Reports (Form TA-2) with the Legislative Audit Commission (Commission). These reports were filed 5 and 11 days late.

The State Finance Act (Act) (30 ILCS 105/12-3) requires the Form TA- 2 be completed and filed with the Commission for any individual whose headquarters has been designated as a location other than that at which official duties require the largest part of working time. The reports are required to be filed no later than July 15 for the period from January 1 through June 30 of that year and no later than January 15 for the period July 1 through December 31 of the preceding year.

- The Board did not timely deliver its Fiscal Year 2021 and Fiscal Year 2022 annual reports of its acts and doings to the Governor. Specifically, the Fiscal Year 2021 and Fiscal Year 2022 annual reports were submitted 17 and 6 days late, respectively.

The State Finance Act (Act) (30 ILCS 105/3(a)) requires the Board to deliver to the Governor an annual report of its acts and doings for the preceding fiscal year no later than January 14 for the Fiscal Year 2021 report, and January 7 for the Fiscal Year 2022 report.

- The Board did not submit two of four (50%) Debt Transparency Act (SCO- 961) reports tested and submitted two of four (50%) reports tested to the Office of Comptroller 1 and 4 days late.

The State Finance Act (30 ILCS 105/9.08) requires the Board to provide each month an SCO-961 Report to the Comptroller identifying: (i) current State liabilities held at the Board, by fund source; (ii) whether the liabilities are appropriated; and (iii) an estimate of interest penalties accrued under the State Prompt Payment Act under criteria prescribed by the Comptroller.

Further, the State Accounting Management System (Procedure 33.17.20) requires the Board to file the SCO-961 Report on the 10th calendar day of each month. If the 10th calendar day falls on a State holiday and/or weekend, the report is due on the business day prior to the State holiday and/or weekend.

- The Board did not timely submit to the Auditor General the Fiscal Control and

Internal Auditing Act (FCIAA) certifications. The Fiscal Year 2022 and Fiscal Year 2023 certifications were submitted 487 and 122 days late, respectively.

The Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3003) requires the Board to submit the FCIAA certification, completed and signed, to the Auditor General's Office by May 1st of each fiscal year.

In addition, the Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure the Board timely submits the FCIAA certification to the Office of the Auditor General.

Board officials indicated the exceptions were due to key employee turnover and oversight.

Failure to timely and properly submit required reports can lead to misinformation and represents noncompliance with various requirements.

BOARD RESPONSE:

The Board agrees with the finding. The Board has put controls in place to ensure reports are properly and timely submitted in the future.

- 7. The auditors recommend the Board continue to work with the Governor to ensure members are timely appointed and members continue to serve until a new appointment is made. Further, the Board should work with its student advisory committee to have student representatives ready to serve a full one-year term commencing on July 1.**

FINDING: *(Board not Staffed as Required) – First reported 2019, Last 2023*

The Board of Higher Education (Board) was not staffed in accordance with the requirements set forth in the Board of Higher Education Act (Act).

During testing, the auditors noted the following Board staffing conditions existed as of June 30, 2023:

- Two public members whose terms expired on January 31, 2021, did not continue to serve after the expiration of their terms until their successors were appointed. One public member continued to serve until August 10, 2021, while a new public member was appointed on September 8, 2023, leaving the position vacant for 759 days. The other public member continued to serve until March 15, 2022, while a new public member was appointed on September 25, 2023, leaving the position vacant for 559 days.
- Two public members who were appointed by the Governor left prior to the expiry of their terms on January 30, 2023. One public member left January 18, 2023, and

the other public member left June 29, 2022. The Governor did not make appointments to fill the vacancies for the unexpired terms and these positions remained vacant.

- Two student members did not start their term on July 1, 2021, and were appointed September 14, 2021, leaving the positions vacant for 75 days in Fiscal Year 2022. Two student members did not start their term on July 1, 2022, and were appointed August 22, 2022. The previous student members did not stay until a successor is appointed and qualified, leaving the positions vacant for 52 days in Fiscal Year 2023.

The Act (110 ILCS 205/3(b)) states the members of the Board shall continue to serve after the expiration of their terms until their successors have been appointed. The Act (110 ILCS 205/3(c)) also states vacancies on the Board in offices appointed by the Governor shall be filled by appointment by the Governor for the unexpired term. Further, the Act (110 ILCS 205/3(d)) states each student member shall serve a term of one year beginning on July 1 of each year and until a successor is appointed and qualified.

During the previous examination, as well as the current examination, Board officials indicated they do not have the authority to reappoint existing members or appoint new members, as the Governor is charged with the duty to appoint all public members of the Board and a student advisory committee is charged with the duty to appoint new student members to the Board.

Failure to ensure the Board is staffed as required represents noncompliance with the Act and may hinder the Board's ability to achieve a quorum.

BOARD RESPONSE:

The Board agrees with the finding. The Board will work with the Governor's office to ensure members are timely appointed.

8. **The auditors recommend the Board implement procedures to ensure the Reports are accurate and timely filed with the Governor's office and Secretary of State. Also, the Board should file corrected Reports with the Governor and Secretary of State within 30 days after the release of this compliance report.**

FINDING: *(Inadequate Controls over Annual Agency Workforce Reporting) – New*

The Board of Higher Education (Board) lacked adequate internal control over its annual Agency Workforce Report (Report).

During testing, the auditors noted the following:

Fiscal Year 2021 Report (due in Fiscal Year 2022)

- The Board did not complete the number of workers employed as professional and contractual. In addition, the equivalent percentages of the number of workers in all categories were not completed.
- The Report was submitted to the Governor and the Secretary of State 653 and 658 days late, respectively.

Fiscal Year 2022 Report (due in Fiscal Year 2023)

- The count of minorities in the Report was mathematically incorrect.
- The Board did not complete the number of workers employed as professional and contractual. In addition, the equivalent percentages of the number of workers in all categories were not completed.
- The Report was submitted to the Governor and the Secretary of State 289 and 294 days late, respectively.

The State Employment Records Act (Act) (5 ILCS 410/20) requires the Board to collect, classify, maintain, and file the annual Report covering the preceding fiscal year with the Governor and the Secretary of State with certain employment statistics for women, disabled persons, and minorities by January 1.

In addition, the Act (5 ILCS 410/15) requires the Board to collect and maintain the total number of persons employed by the Board who are part of the State workforce, and the number and statistical percentage of women, minorities, and physically disabled persons employed within the Board's workforce.

Also, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should include procedures to ensure information reported on the Report is accurate.

Board officials indicated these issues were caused by key employee turnover and formatting errors.

Filing an inaccurate and untimely Report inhibits the ability of the State to accumulate meaningful information to achieve a more diversified workforce, hinders governmental oversight, and resulted in noncompliance with the State laws, rules, and regulations.

BOARD RESPONSE:

The Board agrees with the finding. The Board has hired a Human Resource Director who will ensure the report is filed in a timely manner. The Board will also file corrected Reports with the Governor and Secretary of State within 30 days after the release of this

compliance report.

9. **The auditors recommend the Board conduct timely performance evaluation of employees and update its Personnel Policy to reflect the guidelines on performance evaluation.**

FINDING: *(Inadequate Controls over Performance Evaluations) - New*

The Board of Higher Education (Board) lacked adequate controls over evaluating employee performance.

During testing, auditors noted the Board did not have a policy in place with guidelines for frequency and timely completion of performance evaluations in Fiscal Year 2022. In Fiscal Year 2023, the Board did implement an annual performance evaluation for its employees, however, the Board did not update its Personnel Policy to reflect the guidelines on performance evaluation.

In addition, they noted 2 of 8 (25%) Fiscal Year 2023 performance evaluations tested were not signed; thus, they were unable to determine if the evaluations were timely completed.

Good internal controls require the establishment and continuous update of policy and procedure manuals to serve as a guide for agency operations and employee actions. Good internal controls also require that employee performance evaluations be conducted on at least an annual basis to serve as a foundation for the communication of performance expectations and employee development. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively and in compliance with applicable law.

Board personnel stated this issue was due to a vacancy in the responsible position which was not filled until February 1, 2024.

Employee performance evaluations are a systematic and uniform approach used for employee development and communication of performance expectations to employees. Failure to conduct timely employee performance evaluations delays formal feedback on an employee's performance, delays communication of areas for improvement, and delays communication of the next period's performance goals and objectives. In addition, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions.

BOARD RESPONSE:

The Board agrees with the finding. The Board has hired a Human Resource Director to develop an evaluation instrument that is in line with the Agency's newly created policy that will be approved in Fiscal Year 2025.

10. The auditors recommend the Board implement controls to formalize its access provisioning policies and procedures, conduct regular reviews of access rights to its use of mainframe and CPS, and ensure timely deactivation of separated employees' user accounts.

FINDING: *(Inadequate Controls over Access to Systems and Applications) – First reported 2021, Last 2023*

The Board of Higher Education (Board) did not implement adequate internal controls related to systems and applications access and control.

During the examination period, the auditors noted the Board had not formalized its access provisioning policies and procedures. In addition, they noted the Board did not document regular reviews of access rights to the Board's use of mainframe and Central Payroll System (CPS) resulting in one separated employee still having access to CPS.

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, Access Control and System and Communication Protection sections, requires entities to implement adequate internal controls over access to their environments, applications, and data such as to develop access provisioning policies and procedures and timely revocation of separated employee's user accounts.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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 to maintain accountability over the State's resources.

Board officials indicated the issues were due to competing priorities.

The lack of adequate controls over access could result in unauthorized access and disclosure of confidential information.

BOARD RESPONSE:

The Board agrees with the finding, The Board now has created off-boarding procedures to ensure former staff members no longer have access to the Agency System.

11. The auditors recommend the Board implement controls related to

cybersecurity programs, practices, and control of confidential information. Specifically, they recommend the Board:

- **Develop a project management framework to ensure new applications are adequately developed and implemented in accordance with management's expectations.**
- **Develop a risk management methodology, conduct a comprehensive risk assessment, and implement risk reducing internal controls.**
- **Develop policies and procedures for reviewing and monitoring security implementation and violations.**
- **Conduct vulnerability scans to identify security vulnerabilities.**
- **Require employees and contractors to acknowledge receipt of the Board's policies.**
- **Develop a data classification policy or methodology to classify data to identify and ensure adequate protection of information.**
- **Ensure new employees complete cybersecurity training within the required seven-day timeframe.**

FINDING: *(Weaknesses in Cybersecurity Programs and Practices) – First reported 2021, Last 2023*

The Board of Higher Education (Board) had not implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information.

The Board is statutorily responsible for “analyzing the needs and requirements of Illinois’ higher education system and modifying policies that guide the state’s system of public and private colleges and universities.” The Board was established to plan and coordinate the State’s system of colleges and universities. In order to carry out their mission, the Board utilizes several IT applications which contain confidential and personal information.

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 their examination of the Board’s cybersecurity program, practices, and control of confidential information, auditors noted the Board had not:

- Developed a project management framework to ensure new applications are adequately developed and implemented in accordance with management's expectations.
- Developed a risk management methodology, conducted a comprehensive risk assessment, or implemented risk reducing internal controls.
- Developed policies and procedures for reviewing and monitoring security implementation and violations.

- Conducted vulnerability scans to identify security vulnerabilities.
- Required employees or contractors to acknowledge receipt of the Board's policies.
- Developed a data classification policy or methodology to identify and ensure adequate protection of information.

In addition, they noted 1 of 2 (50%) sampled new employees completed cybersecurity training 332 days late.

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 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 the Board 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.

Further, the Board's Cybersecurity Awareness Training Procedures requires them to complete cybersecurity training within seven days of starting employment.

Board officials indicated the issues for project management, risk management, data classification, security monitoring and vulnerability management were due to lack of defined cybersecurity framework. Other issues were due to oversight.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities, which could ultimately lead to the Board's confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure.

BOARD RESPONSE:

The Board agrees with the finding. The Board will develop the project management, risk management, data classification, and security monitoring that is in line with the new standards.

12. The auditors recommend the Board establish and implement monitoring procedures to ensure employees complete required training timely.

FINDING: *(Noncompliance with Employee Training Requirements) – New*

The Board of Higher Education (Board) failed to comply with employee training requirements.

During testing of 8 employees' initial and annual trainings that were due in the examination period, the auditors noted:

- One (13%) employee completed initial ethics training 309 days late, and
- One (13%) employee completed initial harassment and discrimination prevention training 309 days late.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430/5-10(c)) requires new employees to complete the initial ethics training within 30 days after commencement of their employment.

The Act (5 ILCS 430/5-10.5(a)) requires new employees to complete the harassment and discrimination prevention training within 30 days of commencement of their employment.

Board officials indicated these issues were caused by key employee turnover and oversight.

Failure to complete the ethics training may result in the employee not being made aware of specific ethical requirements. Harassment and discrimination prevention training provides education to allow employees to recognize harassment and discrimination and understand their rights and responsibilities.

BOARD RESPONSE:

The Board agrees with the finding. The Board has hired a General Counsel and Human Resource Director to ensure that staff training is completed in a timely manner.

13. The auditors recommend the Board implement internal controls over its service providers. Specifically, they recommend the Board:

- **Review all SOC reports to ensure the service providers' internal controls are adequate.**
- **Adequately document its assessment of the SOC report's deviation, operation of CUECs, and subservice organizations.**
- **Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.**

- **Document its review of the SOC reports and review all significant issues to ascertain if a corrective action plan exists and when it will be implemented, any impact to the Board, and any compensating controls.**

FINDING: *(Lack of Adequate Controls over the Review of Internal Controls for Service Providers) – First reported 2021, Last 2023*

The Board of Higher Education (Board) did not implement adequate internal controls over its service providers.

The Board utilized service providers for hosting services, software as a service, and timekeeping software.

During the prior examination, the Board had not obtained System and Organization Control (SOC) reports or conducted independent internal control reviews of the service providers.

During the current year examination, the auditors testing indicated the Board had not:

- Reviewed two SOC reports of one (25%) service provider, and
- Adequately documented the assessment of the SOC report's deviations, Complementary User Entity Controls (CUECs), and subservice organizations for the four (100%) service providers.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board 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.

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.

Board officials indicated the conditions noted were due to Information Technology staff oversight.

Without having adequate review of SOC reports or another form of independent internal controls review, the Board does not have assurance the service providers' internal controls are adequate.

BOARD RESPONSE:

The Board agrees with the finding. The IT Department is creating internal control over its Service Providers.

- 14. The auditors recommend the Board ensure accurate financial information is submitted to the Comptroller. Further, the Board should review and revise, as necessary, its current system to gather, compile, document, and review the financial information to be reported in the GAAP Reporting Package forms.**

FINDING: *(Weaknesses in Preparation of GAAP Reporting) – First reported 2021, Last 2023*

The Board of Higher Education (Board) did not correctly report Assistance Listing Numbers (ALN) and federal grant financial information in the year-end Generally Accepted Accounting Principles (GAAP) Reporting Packages to the Office of Comptroller (Comptroller) and in the Schedule of Expenditures of Federal Awards (SEFA).

The Board did not correctly report ALN and federal grant financial information during Fiscal Year 2023. While performing agreed-upon procedures auditors noted the following:

- The ALN of Fund 983 SCO-568 did not agree to the ALN on the grant/ interagency agreements. Auditors noted 10 grant/interagency agreements with different ALNs.

The Statewide Accounting Management Systems (SAMS) (Procedure 27.20.68) contains detailed instructions for proper completion of the Form SCO-568.

- The ALN of Fund 983 SCO-563C did not agree to the ALN on the grant/ interagency agreements. Auditors noted 10 grant/interagency agreements with different ALNs.

SAMS (Procedure 27.20.63) contains detailed instructions for proper completion of the Form SCO-563C.

- The “Amount to Sub” column of ALN 84.425D of Fund 983 SCO-567 did not show the subrecipient amount of \$5,806,000 as listed on the SEFA.

SAMS (Procedure 27.20.67) contains detailed instructions for proper completion of the Form SCO-567.

- The ALN of Fund 983 SCO-563 did not agree to the ALN listed on the SEFA. The SCO-563 listed the ALN as 84.425 while the SEFA listed the ALN as 84.425C and 84.425D.

SAMS (Procedure 27.20.63) contains detailed instructions for proper completion

of the Form SCO-563.

The Board of Higher Education (Board) did not correctly report Assistance Listing Numbers (ALN) and federal grant financial information in the year-end Generally Accepted Accounting Principles (GAAP) Reporting Packages to the Office of Comptroller (Comptroller) and in the Schedule of Expenditures of Federal Awards (SEFA).

The Board did not correctly report ALN and federal grant financial information during Fiscal Year 2023. While performing agreed-upon procedures the auditors noted the following:

- The ALN of Fund 983 SCO-568 did not agree to the ALN on the grant/ interagency agreements. They noted 10 grant/interagency agreements with different ALNs.

The Statewide Accounting Management Systems (SAMS) (Procedure 27.20.68) contains detailed instructions for proper completion of the Form SCO-568.

- The ALN of Fund 983 SCO-563C did not agree to the ALN on the grant/ interagency agreements. They noted 10 grant/interagency agreements with different ALNs.

SAMS (Procedure 27.20.63) contains detailed instructions for proper completion of the Form SCO-563C.

- The “Amount to Sub” column of ALN 84.425D of Fund 983 SCO-567 did not show the subrecipient amount of \$5,806,000 as listed on the SEFA.

SAMS (Procedure 27.20.67) contains detailed instructions for proper completion of the Form SCO-567.

- The ALN of Fund 983 SCO-563 did not agree to the ALN listed on the SEFA. The SCO-563 listed the ALN as 84.425 while the SEFA listed the ALN as 84.425C and 84.425D.

SAMS (Procedure 27.20.63) contains detailed instructions for proper completion of the Form SCO-563.

BOARD RESPONSE:

The Board agrees with the finding. The Board will ensure that all financial information is accurate prior to submitting it to the Comptroller’s office and that information reconciles to the current year SEFA.

- 15. The auditors recommend the Board strengthen its controls to ensure the employees timely submit timesheets documenting time worked on State**

business for each work week.

FINDING: *(Inadequate Controls over Attendance Records) – New*

The Board of Higher Education (Board) did not have adequate controls over its employee attendance records.

During testing of eight employees who required 23 weekly time sheets, 20 (87%) of the time sheets were completed 2 to 167 days late.

The State Officials and Employees Ethics Act (5 ILCS 430/5-5(c)) requires the Board's employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour.

Further, the Board's Personnel Policies (Documentation of Time Worked) requires its employees to report their time worked on State business for each work week and submit timesheets to their designated supervisor for approval.

Board officials indicated the exception was due to high staff turnover and oversight.

Failure to timely complete timesheets increases the risk of the Board paying for services not rendered by employees.

BOARD RESPONSE:

The Board agrees with the finding. The Board has hired a Human Resource Director to ensure that staff is reporting their time on a weekly basis.

- 16. The auditors recommend the Board strengthen its internal controls to enforce compliance with rules and regulations regarding the administration of State grants awarded, including ensuring grant agreements are signed by all parties prior to the start of the grant periods and working with grantees to ensure required reports are submitted timely.**

FINDING: *(Failure to Enforce Compliance with Grant Agreements) – First reported 2019, Last 2023*

The Board of Higher Education (Board) did not enforce compliance with rules and regulations regarding the administration of State grants awarded.

The auditors selected a sample of four of the Board's grant programs active during Fiscal Year 2022 and Fiscal Year 2023 to test. These four grant programs resulted in 12 grant agreements between the Board and various entities. During their testing, auditors noted

the following conditions:

- For 12 of 12 (100%) grant agreements tested, the agreements were not signed prior to the start of the grant period. The grant agreements were signed between 5 and 61 days late.

The Fiscal Control and Internal Auditing act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently, effectively, and in compliance with applicable law. In addition, good business practices dictate that grant agreements should be agreed upon and signed by all parties prior to the start of the period covered by the grant agreement.

- The auditors noted 10 of 48 (21%) quarterly reports tested were submitted 1 to 188 days late.

The grant agreements specified the quarterly reports should be submitted no later than 30 calendar days following the 3-month period covered by the report, specifically the required dates noted in Exhibit B of the agreement.

- They noted two of four (50%) audit reports tested were submitted 113 and 433 days late.

The grant agreement specified the audit report was to be submitted within the earlier of (i) 30 calendar days after receipt of the auditor's report(s) or (ii) 6 months after the end of the Grantee's audit period.

Twenty-nine of 52 (56%) periodic and final financial reports tested did not contain the required certification by the grantee.

The grant agreements required the following certification: "By signing this report (or payment request), I certify to the best of my knowledge and belief that the report (or payment request) is true, complete, and accurate; that the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the State or federal pass-through award; and that supporting documentation has been submitted as required by the grant agreement. I acknowledge that approval for any item or expenditure described herein shall be considered conditional subject to further review and verification in accordance with the monitoring and records retention provisions of the grant agreement. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Section 3729-3730 and 3810-3812)." Additionally, the Grant Accountability and Transparency Act (30 ILCS 708/120) requires all periodic and final financial reports, and all payment requests under the grant agreement to include the previously stated certification.

During the previous examination, Board officials indicated the COVID-19 pandemic and employee oversight limited operations being performed timely. During the current examination, Board officials indicated the exceptions were due to staff turnover.

Failure to ensure grant agreements are signed timely could result in improper use and payment of grant funds. Failure to enforce compliance with its grant agreements could impact the Board's ability to monitor the grants properly.

BOARD RESPONSE:

The Board agrees with the finding. The Board has implemented policies and procedures to ensure grantee reports are aligned with the Grant Agreements.

17. The auditors recommend the Board ensure interagency agreements are signed by all parties prior to the effective date of each agreement.

FINDING: *(Interagency Agreement not Signed Timely) – New*

The Board of Higher Education (Board) did not ensure interagency agreement was signed timely.

During testing, auditors noted one of four (25%) interagency agreements was not signed by all parties prior to the effective date of the agreement. The agreement was signed 19 days after its effective date.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that resources are utilized efficiently and effectively and obligations and costs are in compliance with applicable laws. Good internal controls require the approval of agreements by both parties prior to each agreement's effective date.

Board officials indicated the delay in signing the agreement was due to competing priorities.

Failure to timely sign interagency agreements prevents all parties from timely assessing whether the agreement is reasonable and appropriate and increases the risk each party's responsibilities will not be properly or accurately documented prior to services being rendered.

BOARD RESPONSE:

The Board agrees with the finding. The Board has updated the contract template language to ensure that grants won't begin until the contract is fully executed. The template has been completed and utilized with all agreements in Fiscal Year 2024.

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.

The Board had no emergency purchases in FY22 or 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 July 2023, the Board had no employees assigned to locations others than official headquarters.