

LEGISLATIVE AUDIT COMMISSION



Review of
Southern Illinois University
Two Years Ended June 30, 2022

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REVIEW: Southern Illinois University – FY21-22 Compliance Examination

**REVIEW: 4570
SOUTHERN ILLINOIS UNVERISTY
TWO YEARS ENDED JUNE 30, 2022**

**RECOMMENDATIONS – 21
PARTIALLY IMPLEMENTED - 13
IMPLEMENTED – 8**

REPEATED RECOMMENDATIONS – 13

PRIOR AUDIT FINDINGS/RECOMMENDATIONS – 16

This review summarizes the auditors' report of Southern Illinois University for the two years ended June 30, 2022, filed with the Legislative Audit Commission on July 27, 2023. The auditors conducted a compliance examination in accordance with state law and Government Auditing Standards.

Agency Narrative

The Southern Illinois University System is one of only two public comprehensive, multicampus university systems in the State of Illinois. Southern Illinois University Carbondale, categorized as a Carnegie Research University (high research activity), has a School of Medicine in Springfield, a School of Law in Carbondale, and off-campus degree programs at 13 military bases and multiple civilian sites. Southern Illinois University Edwardsville, designated as a Carnegie Doctoral/Professional University, has a School of Dental Medicine in Alton, a center in East St. Louis, and a School of Pharmacy in Edwardsville. Together the two institutions serve more than 23,500 students, offering 146 bachelor's, 122 master's, and 41 doctoral degree programs. Their students come from all of Illinois' 102 counties and every state in the nation. The SIU System enrolls almost 1,700 international students.

The SIU System has an annual budget of approximately \$920 million. In addition, the State of Illinois directly funds about \$290 million of the System's employee benefit costs. Each of the universities in the SIU System has its own Foundation, with combined assets in excess of \$320 million.

Among the SIU System's many defining characteristics and accomplishments are the following:

- Confers approximately 6,000 degrees annually.
- Connects with over 300,000 living alumni who have benefited from an SIU education.

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- Provides jobs for approximately 7,000 employees in Illinois.
- Provides southern Illinois with research, service, and training through its centers and institutes in diverse areas, including agriculture, wildlife, coal, public policy, education, environment, archaeology, broadcasting, and community services.
- Generates more than \$142 million from grants and contracts, with much of the funding coming from out of state.
- Provides medical, dental, and nursing care at clinics throughout southern Illinois.
- Approximately 23% of the total SIU student population is historically underrepresented.

Appropriations and Expenditures

	FY21 Expend- State Funds	FY22 Expend- State Funds	FY21 Headcount	FY22 Headcount
SIU-C	\$136,406,600	\$142,153,800	5,012	5,038
SIU-E	\$58,491,000	\$62,318,400	2,228	2,187
Totals	\$194,897,600	\$204,472,200	7,240	7,225

Background

Mission Statement	SIU Carbondale embraces a unique tradition of access and opportunity, inclusive excellence, innovation in research and creativity, and outstanding teaching focused on nurturing student success. As a nationally ranked public research university and regional economic catalyst, we create and exchange knowledge to shape future leaders, improve our communities, and transform lives.
Program Goals and Objectives	<ol style="list-style-type: none"> 1. Student Success and Engagement: We will have a diverse and culturally responsible student body that is fully engaged in the SIU Carbondale experience, thriving in the face of robust academic challenges, and that has gained practical skills to allow them to enter the workforce as effective ambassadors for our university. 2. Diversity, Equity, and Inclusion: SIU Carbondale will be the model for inclusive excellence; we will engage and welcome all stakeholders on and off campus. 3. Branding and Partnerships: SIU Carbondale will be a “first-choice” institution, compared favorably to the flagship institution. The university will take a much stronger role in actively improving connections within the community, state, nation, and world through key partnerships. 4. Research and Innovation: SIU will support and foster the discovery of knowledge and creative professional achievement to benefit the world and the people of our region. 5. Sustainability: To become known as a forward-thinking, environmentally responsible university that embraces sustainability, reduces its carbon footprint, pursues conscientious energy efficiencies, and creates new innovative practices to become a leader in sustainability within the state and higher education community at large.

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Undergraduate tuition and mandatory fees were \$12,219 in FY20 compared to \$12,558 in FY23

Accountants' Findings and Recommendations

Condensed below are the 21 findings and recommendations included in the audit report. Of these, 13 are repeated from the previous audit. The following recommendations are classified on the basis of information provided by SIU of, via electronic mail received July 27, 2023.

2022-001. The auditors recommend the University 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, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' actuary.

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

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

FINDING: *(Inadequate Internal Controls over Census Data) – First reported 2020, last reported 2022*

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

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's

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

The auditors noted the University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Central Management Services (CMS) for their OPEB. In addition, auditors noted these plans have characteristics of different types of pensions and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during FY20 to project pension and OPEB-related balances and activity at the plans during FY21, which is incorporated into the University's FY22 financial statements.

During testing, auditors noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.
- During the cut-off testing of data transmitted by the University to SURS, auditors noted 117 instances of an active employee becoming inactive or part-time, 2 instances of an inactive employee becoming active, 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. There were also 2 instances previously reported that impacted the June 30, 2020 census data.
- During the testing of instructor eligibility testing, auditors noted 3 of 2,007 instructors tested was not reported as eligible to participate in SURS by the University. SURS determined the total potential impact of this error was each instructor's service credit was off between $\frac{3}{4}$ of a year to 1 year. There were also 10 instances previously reported that impacted the June 30, 2020 census data.

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The auditors provided SURS' actuary and CMS' actuary with the exceptions they identified during their testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2021.

University officials indicated the base year reconciliation process was not established until FY21, 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. Finally, they indicated the three instructors were not reported to SURS due to oversight.

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

UNIVERSITY RESPONSE:

We agree. SIU Carbondale and SIU Edwardsville have processes and procedures in place for processing certifications, changes, and terminations in the SURS and CMS systems as contracts are received from departments. However, the University had not completed a base year reconciliation of the census data with SURS and CMS during the fiscal year. The campuses have now completed the base year reconciliation and continue to work to automate the process going forward.

UPDATED RESPONSE:

Partially Implemented. The campuses have completed the base year reconciliation and actively in the process to create automated comparative scripts to add automation and efficiency to the reconciliation process on an ongoing basis.

2022-002. The auditors recommend the University establish processes and procedures, including plans for increasing participation in the program by targeted populations, to ensure it will meet the earmarking program requirements. They also recommend the University implement controls to identify likely disparities in expected and actual results throughout the year and take proactive corrective action as necessary.

FINDING: *(Inadequate Procedures for Ensuring Compliance with Earmarking Requirements for the Student Support Services Program) – First reported 2018, last reported 2022. Not repeated in the FY23 Federal Single Audit*

Federal Agency: U.S. Department of Education
Assistance Listing Number: 84.042

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Program Expenditures:	\$1,011,855
Program Name:	TRIO – Student Support Services
Award Number(s):	P042A201635
Questioned Costs:	None

The Southern Illinois University (University) Carbondale campus did not have adequate procedures in place to ensure the earmarking requirements for the Student Support Services program were met during the fiscal year.

During the testing of earmarking requirements for TRIO Student Support Services at the University, auditors noted the program at the Carbondale campus served 160 students, of which 95 (59%) students met the criteria for being either low-income individuals who are first-generation college students or individuals with disabilities. The University has not implemented sufficient processes and controls over the past several years to ensure compliance with TRIO earmarking requirements.

The Student Support Services Program requires that, in addition to the eligibility criteria for individual students, not less than two-thirds of the program participants will be either low-income individuals who are first-generation college students or individuals with disabilities (34 CFR Section 646.11(a)(1)).

University officials stated the failure to meet the two-thirds requirement was due to a decreasing pool of students who qualify as first-generation and low income. In addition, officials stated the student recruiting plan was insufficient to ensure that the earmarking requirement was met. Management indicated in the current year, both of these conditions were still present and contributed to the University not meeting the earmarking requirement.

Without effective controls to review the participants and ensure compliance for TRIO Student Support Services, the University is at a greater risk of not meeting the minimum earmarking requirements, as well as increased likelihood of program reviews from oversight agencies. In addition, the University is at risk of being required to return funds to the Department of Education and/or becoming ineligible to administer the program.

UNIVERSITY RESPONSE:

We agree and have implemented corrective actions. Ongoing changes at the university continue to impact the potential for enrollment growth of minority students, which directly impacts the success of the program. Realignment of support services has structured Trio programs in an area with other similar programs that serve students that meet the criteria of the program. This realignment of services is already producing positive results, and the Trio program currently meets earmarking requirements. The requirements will be documented in the upcoming Annual Performance Report once submitted to the US Department of Education for AY 2022-2023 (May 2023). We hope to sustain this progress as enrollment at the University continues to trend upward.

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UPDATED RESPONSE:

Implemented.

2022-003. The auditors recommend the University establish processes and procedures to ensure sliding fee discounts are applied for all eligible patients.

FINDING: *(Sliding Fee Discount Not Applied to All Eligible Patients) – New. Not repeated in the FY23 Federal Single Audit*

Federal Agency:	U.S. Department of Health and Human Services
Assistance Listing Number:	93.224, 93.527
Program Expenditures:	\$5,085,751
Program Name:	Health Center Program Cluster
Award Number(s):	H8FCS41336, H80CS24098
Questioned Costs:	None

The Southern Illinois University (University) Springfield campus did not properly apply the sliding fee discount to all eligible patients.

During the testing of patients treated during the year under audit, they noted 3 of 26 (12%) patients treated did not have the sliding fee discount applied to their charges. The sample was not a statistically valid sample. The 3 patients' charges were partially paid for by Medicare, however, the sliding fee discount should have been applied to the remaining Medicare coinsurance.

Federal guidelines require health centers to prepare and apply a sliding fee discount schedule so amounts owed for health center services by eligible patients are adjusted (discounted) based on the patient's ability to pay (42 CFR 51c.303(f)).

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the establishment and maintenance of a system, or systems, of internal fiscal and administrative controls to safeguard funds against waste, loss, unauthorized use, and misappropriation.

University management stated it was unable to provide patients with the sliding fee discount subsequent to a Medicare claim posting due to a turnover in key Patient Billing Services (PBS) staff members and a failure to educate new staff members on Federally qualified health center (FQHC) billing policies, which differ from SIU-Medicine billing policies.

Without effective controls to provide all eligible patients with the sliding fee discount, there is a risk a patient may be charged incorrectly for health center services provided.

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UNIVERSITY RESPONSE:

We agree. We did not provide the sliding fee discount to eligible patients after a Medicare claim posting. Now that we are aware of the weakness, we are committed and have developed a corrective action plan to address the matter.

UPDATED RESPONSE:

Implemented. We did not provide the sliding fee discount to eligible patients after a Medicare claim posting. Corrective action was fully implemented in June 2023.

2022-004. The auditors recommend the University establish processes and procedures to ensure all cash drawdowns are reviewed, approved, and documentation of the review and approval is maintained.

FINDING: *(Insufficient Controls over Review and Approval of Cash Drawdowns) – New. Not repeated in the FY23 Federal Single Audit*

Federal Agency:	Various
Assistance Listing Number:	Various
Program Expenditures:	\$16,320,119
Program Name:	Research and Development Cluster
Award Number(s):	Various
Questioned Costs:	None

Southern Illinois University (University) Carbondale campus did not have procedures in place to consistently review cash drawdowns for the Research and Development Cluster.

During the testing of the University's Research and Development Cluster cash drawdowns, auditors noted 18 out of 40 (45%) drawdowns totaling \$1,090,049 had no evidence the drawdown had been reviewed. The sample was not a statistically valid sample.

University officials indicated there was no formal process in place in place to review and approve drawdowns due to believing the informal process was adequate.

The failure to review drawdown requests increases the likelihood of noncompliance with laws and regulations.

UNIVERSITY RESPONSE:

We agree and have implemented corrective actions. We did not have a consistent procedure in place during the audit period. We have addressed the weakness by establishing segregation of duties in the performance of the drawdown procedure. Also, we have implemented measures to ensure approvals are now documented appropriately prior to processing drawdowns.

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UPDATED RESPONSE:

Implemented.

2022-005. The auditors recommend the University establish processes and procedures to ensure documentation is retained and retrievable when the parties responsible for the documentation leave the University.

FINDING: *(Inadequate Procedures for Ensuring Retention of Eligibility Documentation for the Upward Bound Program) – New. Not repeated in the FY23 Federal Single Audit*

Federal Agency:	U.S. Department of Education
Assistance Listing Number:	84.047M
Program Expenditures:	\$1,990,376
Program Name:	TRIO – Upward Bound
Award Number(s):	P047M170568 - 21
Questioned Costs:	None

The Southern Illinois University (University) Edwardsville campus did not have adequate procedures in place to ensure the required documentation was retained for all students who received stipends during the audit period.

During the testing of students who received stipends during the year under audit, auditors noted for 6 of 40 students (15%) students who received stipends totaling \$1,405, the University did not maintain appropriate records to determine the students were eligible for the stipend received. The sample was not a statistically valid sample. Additionally, they noted for 5 of 40 students (12.5%) who participated in Upward Bound, the University did not maintain appropriate records to determine the students were eligible to participate in the Upward Bound program. The 5 students for which documentation was not maintained for eligibility to participate in Upward Bound are also included in the 6 students for which documentation was not maintained for eligibility to receive stipends.

According to federal regulations (34 CFR 645.42), an Upward Bound project may provide stipends for full-time participants who show evidence of satisfactory participation in activities of the project.

UNIVERSITY RESPONSE:

We agree we did not have adequate procedures to ensure the required documents were retained for all students who received stipends during the period tested. We will implement adequate controls to ensure document retention, including in instances where responsible staff have departed the University.

UPDATED RESPONSE:

Implemented.

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2022-006. The auditors recommend the University establish processes and procedures to ensure student verification status is reported accurately to the Department of Education through the COD website.

FINDING: *(Inaccurate Reporting of Student Verification Status) – New. Not repeated in the FY23 Federal Single Audit*

Federal Agency:	U.S. Department of Education
Assistance Listing Number:	84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.342
Program Expenditures:	\$91,856,705
Program Name:	Student Financial Assistance Cluster
Award Number(s):	P007A211285, P033A211285, P063P200115, P063P210115, P268K220115, P379T220115, N/A
Questioned Costs:	None

The Southern Illinois University (University) Carbondale campus incorrectly reported the verification status for a student to the Department of Education through the Common Origination and Disbursement (COD) website.

During the testing of students during the year under audit, auditors noted 1 of 40 students (2.5%) selected for verification was not correctly reported to the COD website. The sample was not a statistically valid sample.

The student qualified for a verification waiver, which the University utilized. The student was reported with verification code “V” indicating verification had been completed, although, the student should have been reported with verification code “S” meaning “Selected not verified”.

The U.S. Department of Education published Dear Colleague Letter GEN-21-05 on July 13, 2021. According to the letter, institutions were not required to verify students selected under Verification Tracking Flag “V1” as of the date of the letter. The letter instructed institutions to use Verification Status Code “S-Selected not verified” for students selected under V1 who qualified for a verification waiver under the guidance within the letter.

Management indicated the University did not have adequate review procedures in place to ensure all students were accurately reported.

Without adequate controls over verification, the University may give false assurance over verification and has an increased likelihood of program review from oversight agencies.

UNIVERSITY RESPONSE:

We agree and have implemented corrective actions. We did not correctly report the verification status for a student through the Common Origination and Disbursement website. We have implemented review procedures to ensure all students are reported accurately.

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UPDATED RESPONSE:

Implemented.

2022-007. The auditors recommend the University implement controls to identify all required exit counseling within the student financial aid department in addition to improving controls to identify exit counseling requirements within the information technology department. These controls should be monitored to ensure that all necessary students complete exit counseling within the required time frame.

FINDING: *(Exit Counseling Not Completed) – First reported 2017, last reported 2022. Not repeated in the FY23 Federal Single Audit*

Federal Agency:	U.S. Department of Education
Assistance Listing Number:	84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.342
Program Expenditures:	\$83,176,764
Program Name:	Student Financial Assistance Cluster
Award Number(s):	P033A191286, PO33A151286, P033A141286, P063P170116, P063P180116, P007A151286, P379T180116, P379T190116, N/A
Questioned Costs:	None

The Southern Illinois University (University) Edwardsville campus did not complete exit counseling for all necessary students within the required time period.

During the testing of students who received title IV aid at the University, auditors noted 2 out of 25 (8%) students who received Direct Loans, did not complete exit counseling timely after leaving the Edwardsville campus. The sample was not a statistically valid sample. The University has not implemented sufficient processes and controls over the past several years to ensure compliance with exit counseling requirements.

The Edwardsville campus requires students to complete exit counseling when they leave the University after previously attending. During the year, two students attended the University, received direct loans, and withdrew during the semesters they attended, but had not completed exit counseling within 30 days of the withdraw date from the University. The exit interviews were never conducted.

According to University officials, the students were improperly coded with an enrollment status of “Eligible to Register”. Banner initiates exit counseling for students with enrollment codes that have a withdrawal indicator and Eligible to Register does not have that indicator.

Exit counseling helps federal student loan borrowers understand how to repay their loans and reviews deferment and repayment plan options. Exit counseling also discusses

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borrower rights and responsibilities. Updated student contact information will also be collected at the end of the exit counseling session. Failure to complete exit counseling may increase the likelihood of default on student loans and lack of student understanding of loan repayment options, rights and responsibilities.

UNIVERSITY RESPONSE:

We agree and have implemented corrective actions. SIUE Student Financial Aid has reintroduced a Banner process which runs simultaneously with the current bi-monthly process, to notify students of exit counseling requirements as soon as possible. We will continue to work with the appropriate office for assistance on how to ensure the appropriate flag gets checked to ensure the proper results.

UPDATED RESPONSE:

Implemented. Additionally, SIU Internal Audit is currently working with SFA staff to gain an understanding of the circumstances leading to this repeated weakness, and will continue to assist SFA in working toward an effective solution.

2022-008. The auditors recommend the University provide training to all departments with access to federal funding, specifically on the topic of procurement.

FINDING: *(Procurement Requirements Not Followed) – New. Not repeated in the FY23 Federal Single Audit*

Federal Agency:	U.S. Department of Education Assistance Listing
Number:	84.425F
Program Expenditures:	\$16,705,064
Program Name:	Education Stabilization Fund
Award Number(s):	P425F200234
Questioned Costs:	None

The Southern Illinois University (University) Edwardsville campus did not follow procurement requirements for all purchases under the Higher Education Emergency Relief Fund (HEERF).

During the testing of purchases made using institutional HEERF funds, auditors noted 1 out of 5 (20%) of transactions tested for procurement, purchased for \$15,160, did not have documentation that procurement policies were followed. The sample was not a statistically valid sample.

According to University officials, the department making the purchase does not typically receive funding subject to federal procurement requirements and therefore was unaware of the rules and regulations specific to purchases made with federal funds.

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Compliance with procurement policies helps ensure prudent use of federal funding. Failure to follow federal procurement regulations increases the likelihood of expenses being disallowed upon review by a federal agency and increases the risk of reduced funding in future years.

UNIVERSITY RESPONSE:

We agree that procurement requirements were not followed for the identified purchases. Steps will be taken to reduce the risk of noncompliance going forward in instances where the procuring department may not regularly utilize grants funds for procurements.

UPDATED RESPONSE:

Implemented. Purchasing and ORP are working together to develop an adequate corrective action that does not outweigh the benefit.

2022-009. The auditors recommend the University strengthen controls to identify and document all service providers utilized and determine and document if a review of controls is required. Where appropriate, they recommend the University:

- **Obtain SOC reports or (perform independent reviews) of internal controls associated with outsourced systems at least annually.**
- **Monitor and adequately document the operation of the CUECs related to the University's operations.**
- **Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.**

FINDING: *(Lack of Adequate Controls Over the Review of Internal Controls for Service Providers) – First reported 2018, last reported 2022*

Southern Illinois University (University) lacked adequate controls over the review of internal control of its service providers.

The University utilized over 100 service providers for various services including, but not limited to, banking, investment, and business services; debt financing; information technology hosting services; and software as a service.

The University is responsible for ensuring the design, implementation, and maintenance of internal controls related to information systems and operations to adequately protect resources and data from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

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The University established a formal process for identifying and managing service providers and obtaining the System and Organization Controls (SOC) reports from the service providers on an annual basis. However, it was identified that multi-year contracts did not go through the procurement annually as such all multi-year contracts had not been reviewed as part of the formal process during the examination period.

The auditors further noted the risk assessment questionnaire for onboarding vendors and service providers did not consistently document the sensitive data and related processing performed by the service providers. It also did not document alternate means of addressing service providers' risks beyond review of SOC reports, such as review of the service provider's internal controls or attestation reports. Also, University personnel lacked sufficient guidance for completing their assessments to identify risks related to service providers and the documentation required to determine when the entity should be classified as a vendor or service provider.

Due to the conditions noted above, auditors were unable to conclude the University's population of service providers were complete, accurate, and reliable under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C 205.36).

Even given these population limitations, auditors selected a sample of 22 service providers across the 3 campuses and noted the following:

- The School of Medicine (SOM) had not obtained SOC reports or documented an assessment of controls for 3 of 3 (100%) service providers.
- The University did not document mapping of internal controls at the University to the Complementary User Entity Controls (CUECs) noted in the SOC reports for 14 of 14 (100%) service providers.

Weaknesses in the review of internal controls for service providers was first noted during the compliance examination for the year ended June 30, 2018. As such, the University has been unsuccessful in implementing corrective action to remedy the weaknesses.

University management indicated the conditions noted were due to the time needed to implement their new process, difficulties encountered in identifying and tracking service providers across each campus and department, and challenges in obtaining and documenting assurance of service providers' internal controls.

The lack of an accurate population of service providers makes it difficult to assess controls at the service provider, which may impact the integrity, availability, confidentiality, and security of its computer systems and data. Without having obtained and fully reviewed SOC reports or another form of independent internal control review, the University does not have assurance the service providers' internal controls are adequate.

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UNIVERSITY RESPONSE:

Agree. Implementation in process. During FY19, the University established a working group which developed a formal process for identifying and managing service providers. The process includes established criterion to be used to identify and review the controls of third-party service providers and their subservice organizations. The process also includes measures to document the CEUCs and is being enhanced to include mapping. The process includes a provision for including in service provider contracts the requirement for an independent review of internal controls as applicable and when possible. Continued efforts will be made to further refine the process, to provide additional guidance to personnel for the completion of the risk assessment and the SOC review checklist, and to achieve consistent application of the process across the system.

UPDATED RESPONSE:

Partially Implemented. Additionally, SIUC has continued efforts to switch service providers over to an annual review process as existing longer-term contracts expire and are renewed. In FY23 alone SIUC completed more risk assessment and service provider reviews than in all the previous fiscal years combined. SIU has also enhanced the processes limiting duplication of efforts by accepting/providing third party risk assessment reviews from/to our other campuses.

2022-010. The auditors recommend the University strengthen controls related to cybersecurity programs and practices. Specifically, they recommend:

- **The Carbondale campus perform a comprehensive risk assessment.**
- **The University develop a Strategic Risk Plan to document the plan for mitigating risks identified in the cyber security risk assessment.**
- **The University implement a project management framework or a system development life cycle methodology for the development and implementation of new systems.**
- **The Edwardsville and Carbondale campuses implement a security awareness program for all employees and contractors.**
- **The SOM obtain acknowledgement of Acceptable Use Policy for accessing the University's information systems for all users including medical students and resident physicians on an annual basis.**
- **The SOM provide security awareness training to all employees.**

FINDING: *(Weakness in Cybersecurity Programs and Practices) – First reported 2020, last reported 2022*

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Southern Illinois University (University) had not implemented adequate internal controls related to cybersecurity programs and practices.

The University carries out its mission through the use of Information Technology, including various applications, which contain confidential or personal information such as names, addresses, social security numbers and health information of its students.

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

- The University's Carbondale campus had not performed a comprehensive risk assessment. The assessment performed had not taken decentralized systems into consideration to ensure a complete evaluation of inherent risk exposure.
- The University had not created a Strategic Risk Plan to document the roadmap to enhance cyber security controls as a response to the risk assessment.
- The University had not implemented a project management framework or a system development life cycle methodology for development and implementation of new systems.
- The University's Carbondale campus had not implemented a periodic cybersecurity training program and the Edwardsville campus did not enforce completion of cybersecurity training program for all staff and contractors.
- The University's School of Medicine (SOM) did not obtain annual acknowledgement of Acceptable Use Policy from 7 of 7 (100%) medical students and resident physicians.
- The University's SOM did not provide security awareness training for 1 of 25 (4%) employees.

This finding was first reported in FY20 and the University has been unsuccessful in establishing adequate controls related to Cybersecurity. As such, the University has been unsuccessful in implementing corrective action to remedy the weaknesses.

University management indicated that weaknesses were due to staffing resources.

The lack of an adequate cybersecurity program and practice could result in unmitigated risks and ineffective controls and ultimately lead to the University's computer systems and data being susceptible to cyber-attacks and unauthorized disclosure.

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UNIVERSITY RESPONSE:

We agree that steps could be taken to improve our cybersecurity posture. It is correct that the University did not develop a comprehensive risk assessment or strategic risk plan for mitigating cyber security risks system-wide. This is an enterprise level function that requires collaboration beyond ITS. However, our ITS functions continue to work closely with campus departments to provide them the resources and support to perform their own risk assessments, and we adopted the CIS framework based on best practices non-specific to the risk tolerance of the campuses. As such, SIUC takes exception to the comment that we: *“had not taken decentralized systems into consideration to ensure a complete evaluation of inherent risk exposure.”* When doing the risk assessment from the central IT perspective, we are aware that we have a blind spot in some areas, and we score that appropriately by assuming we are NOT meeting the factors in some locations. Additionally, while we may not have a formal strategic risk plan that meets the audit expectations, to say we have no plans in place is incorrect. Following the annual risk assessment process, ITS routinely identifies initiatives/improvements we'd like to make to better our security posture. ITS will continue to encourage and support the need for a comprehensive risk assessment strategy to address cybersecurity risks system-wide.

For SIUC, it is correct that for FY22, we were unable to procure cyber security training, or have the resources to develop our own. We have since provided security risk awareness training to all faculty, staff, and student employees for FY23. However, this training was not made mandatory for this fiscal year cycle. SIUE though had a security awareness training program in place during FY22. SOM also had a security awareness training program in place during FY22. Exceptions noted were isolated incidents.

Our campuses have not recently implemented any major systems. However, all campuses will consider the need to establish a formal project management framework or system development life cycle methodology for the development and implementation of new systems going forward.

UPDATED RESPONSE:

Partially Implemented. Following the standing annual risk assessment process, SIUC routinely identifies initiatives/improvements to better our security posture. IT will continue to encourage and support the need for a comprehensive risk assessment strategy to address cybersecurity risks system wide. In FY24 we will produce a formal risk plan based on the new comprehensive risk assessment. In addition, the newly drafted OIT Strategic Plan addresses information security enhancement. Year 1 of that plan will focus on risk assessment and strategy development.

For FY24 Carbondale will provide training and mandate it to be completed. SIUE though had a security awareness training program in place during FY22.

SIU has asked for clarification on this from the external audit firm and OAG however, we believe the issue the auditors identified is that there is no formal policy requiring a project management or SDLC framework to be followed, even though such frameworks exist and

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are used. For FY24, SIU will formalize this requirement in either the Information Security Program or create a separate policy as necessary.

2022-011. The auditors recommend SIU strengthen its controls identifying all service providers. In addition, they recommend SIU:

- **At least annually, properly assess each program accepting credit card payments, the methods in which payments can be made, and match these methods to the appropriate SAQ.**
- **Ensure EMV is properly enabled.**
- **Ensure all service providers are evaluated for compliance with PCI requirements.**

FINDING: *(Weakness with Payment Card Industry Data Security Standards) – First reported 2020, last reported 2022*

The Southern Illinois University (University) had not completed all requirements to demonstrate full compliance with the Payment Card Industry Data Security Standards (PCI DSS).

The Payment Card Industry (PCI) Security Council (Council) requires all members, merchants and service providers, who store, process, and/or transmit cardholder data to be PCI compliant.

In FY22, the University handled approximately 568,417 transactions estimated at \$20,833,235. Although the University provided a population of service providers, the population was incomplete. Therefore, auditors were unable to conclude the University's population of service providers were complete, accurate, and reliable under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C 205.36). Even given the limitations noted, they conducted testing, noting:

- The Edwardsville's campus had not:
 - Completed a Self-Assessment Questionnaire (SAQ) for any payment channels.
 - Ensured parking kiosks has been upgraded to Europay, Mastercard, and Visa (EMV) to enable acceptance of payment.
- The Carbondale School of Medicine had not ensured service providers were reviewed for compliance with PCI requirements.

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.

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This finding was first reported in FY20. As such, the University has been unsuccessful in implementing corrective action to remedy the weaknesses.

University management indicated these deficiencies were due to oversight and other priorities.

Failure to establish and maintain adequate procedures to handle and protect confidential and personally identifiable information could result in identity theft or other unintended use.

UNIVERSITY RESPONSE:

We Agree. SIUE Office of the Bursar initiated efforts towards corrective actions by engaging in a consulting arrangement that began in FY23. During this engagement we reviewed our campus PCI environment, including equipment and processes, to determine the most appropriate SAQ for the SIUE campus. The review led to upgrading over 35 machines in April 2023, as well purchasing an online PCI compliance training to meet the annual training requirement. The training has been prepped for deployment to the campus personnel involved in our cardholder data environment by end of June 2023. SOM indicated that vendor compliance statements will be obtained, when required PCI compliance checks will be incorporated into the contracting process.

UPDATED RESPONSE:

Partially Implemented.

2022-012. The auditors recommend SIU implement adequate security controls across the University's environment and devices.

FINDING: *(Security Related Weaknesses) – First reported 2020, last reported 2022*

Southern Illinois University (University) did not maintain adequate security controls over its environment and devices.

The University maintains computer resources across its campuses for users to conduct University functions. During the examination, auditors selected a sample of servers and workstations to determine if appropriate security controls had been implemented, noting the University did not maintain adequate information security controls.

This finding was first reported in FY20. As such, the University has been unsuccessful in implementing corrective action plan to remedy the weakness.

University management indicated the weaknesses were due to limited resources and additional time needed to implement corrective action.

Failure to implement adequate security controls over the environment exposes the University to increased danger of unauthorized access and the loss or corruption of critical and confidential data.

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UNIVERSITY RESPONSE:

We disagree with the materiality of this finding. Exceptions provided during fieldwork regarding unsupported systems were immaterial in number. To strictly state that we did not maintain adequate security controls over our environment is misleading. SIU does have adequate security controls over its assets as evidenced by our CIS controls analysis which is documented and mapped directly to the relevant controls of NIST SP 800-171. We will continue to monitor our situation, with respect to unsupported systems and remedy or otherwise improve our posture when circumstances warrant.

ACCOUNTANT'S COMMENT

Accountants believe the lack of adequate security controls in today's environment, given the events taken place, to be material to the security of the University's systems, data, and overall mission to provide educational opportunities. It is very concerning the University does not have the same apprehension as we do.

UPDATED RESPONSE:

Partially Implemented. Update from SIUE - SIUE continues to improve the security perimeter and strengthen its security programs based on an established cybersecurity framework. We continue to disagree that narrow testing of outgoing obsolete systems, older systems that have been flagged and isolated, or special exceptions to accommodate and secure assets that require older operating systems does not reflect the materiality, maturity, or state of the overall campus security program.

UPDATE FROM SIUC:

We believe our current security controls to be adequate as only 0.014% (10 of 7067) of our workstation and server fleet were outside of compliance for OS lifecycle. SIU will continue to monitor and refine our deployment and upgrade processes.

2022-013. The auditors recommend the Edwardsville campus perform disaster recovery testing at least annually to ensure the timely recovery of its applications and data.

FINDING: *(Lack of Disaster Recovery Test) - New*

Southern Illinois University (University) had not performed disaster recovery testing.

During the testing, auditors noted the Edwardsville campus had not conducted disaster recovery testing during the examination period.

University management indicated limited resources contributed to the lack of disaster recovery testing.

Failure to perform a disaster recovery test exposes the University to increased risk of loss or corruption of critical and confidential data.

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UNIVERSITY RESPONSE:

We agree with the recommendation that disaster recovery testing should be performed annually to ensure our ability to recover applications and data should a failure occur. Testing has been performed in recent years as follows: May 2019 (for FY20); we did not test in FY21, but had successful live usage of the plan following a security incident; March 2021 (for FY22); and March 2023 (for FY23). We believe this practice represents regular testing as prescribed by the Contingency Planning Guide for Information Technology Systems, but will strive to test on an annual basis going forward.

UPDATED RESPONSE:

Partially Implemented.

2022-014. The auditors recommend the University’s Edwardsville campus establish a change management policy and configuration management policy to ensure changes are adequately authorized, developed, tested and documented.

FINDING: *(Lack of Change Management Controls) - New*

Southern Illinois University (University) had not implemented a change management policy.

The University carries out its mission through the use of Information Technology (IT), including various applications. However, during the examination of the University’s IT general controls, auditors noted the University’s Edwardsville campus had not established a change management policy to control changes to the environment or applications.

The Edwardsville campus management indicated their efforts to develop a change management policy and related procedures were due to staffing resources constraints.

The lack of adequate change management policies could result in unauthorized changes to the environment and applications.

UNIVERSITY RESPONSE:

We agree that we do not have a change management and configuration policy. Steps will be taken to establish such a policy.

UPDATED RESPONSE:

Partially Updated. Update: SIUE has always had a change management process but has not had a mechanism to translate that process into a campus wide policy, as that would not be reasonable given this is a departmental process. In conversations with the audit firm, it appears this is a reasonable and now accepted approach. However, it is our understanding that the change management process will now be tested this year to ensure it satisfies the auditors with respect to rigor.

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2022-015. The auditors recommend the University implement an access control policy and ensure periodic access reviews are conducted.

FINDING: *(Lack of Access Reviews) - New*

Southern Illinois University (University) did not perform periodic review of access granted to users.

During the review, auditors noted the University had not implemented an access control policy requiring periodic user access reviews and had not conducted a review of users' access to ensure access rights were appropriate.

University management indicated an inability to perform periodic access reviews and implement an access control policy was due to limited resources.

Failure to periodically review users' access rights could result in inappropriate access and manipulation of the University's data.

UNIVERSITY RESPONSE:

We agree that we did not always perform periodic reviews of access granted to users of our significant systems. While we believe our processes for granting system access to users are effective, and periodic reviews are performed in certain instances, we do recognize that this process can be improved in vary degrees on each campus. As we continue to improve these processes, we will consider whether the implementation of an access control policy and/or additional periodic reviews of access granted would add value.

UPDATED RESPONSE:

Partially Implemented. SIUC Update: The Carbondale campus has an access control policy requiring user access reviews as part of the Information Security program. The finding for SIUC is specific to SIS (Banner) access reviews on elevated users performed at the department or unit level not being completed. While there is an automated process that removes access when an individual leaves the university or changes roles, there is no process to annually review those individuals that do not change job roles. In FY24 IT will provide departments/units with users and access levels reports for their employees and have the department/unit contact verify the access is still appropriate.

2022-016. The auditors recommend the University continue to work on implementing procedures and systems to ensure terms of negotiated contracts are followed.

FINDING: *(Failure to Require Faculty Timesheets) – First reported 2005, last reported 2022*

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Southern Illinois University (University) did not have a policy during FY22 that required all employees to periodically submit timesheets documenting the time spent each day on official University business to the nearest quarter hour as required by the State Officials and Employees Ethics Act (Act).

The Act required the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The IBHE adopted personnel policies for public universities on February 1, 2004, in accordance with the Act. However, after more than 15 years, the University had still not incorporated IBHE policies for employee timesheets into the University's policies.

The auditors noted that the University's faculty did not submit timesheets in compliance with the Act. The process was effectively a "negative" timekeeping system for faculty whereby the employee was assumed to be working unless noted otherwise. No timesheets documenting the time spent each day on official State business to the nearest quarter hour were required for faculty. During FY07, the University adopted a policy to require timesheets from all employees except faculty.

During FY22, the Carbondale campus completed negotiations with the Faculty Association (FA) and the Non-Tenure Track Faculty Association (NTT) unions including reaching an agreement on time reporting, which became effective in FY23. No policy changes were made by the Edwardsville campus during FY22. The University's Edwardsville campus did not take sufficient measures to implement all appropriate and reasonable corrective actions to correct the underlying cause of this finding, which has been repeated since 2005. During Fiscal Year 2022, the University employed 2,318 faculty.

The Act (5 ILCS 430/5-5(c)) states, "The [University] policies shall require State employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour."

This finding was first noted during the University's fiscal year June 30, 2005 State compliance examination. As such, the University has been unsuccessful in implementing corrective action to remedy this deficiency.

University management stated the University's Carbondale campus had not incorporated the requirement for faculty to submit timesheets on a periodic basis into their personnel policies or the union contract because time reporting had not been bargained with the union groups. Once the bargaining was completed and effective, the Spring 2022 Semester was underway, and the campus decided to roll out time reporting beginning with the Fall 2022 Semester.

University management stated the University's Edwardsville campus had not yet incorporated the requirement for faculty to submit timesheets on a periodic basis into their personnel policies or the faculty union contracts because time reporting had not been bargained with the faculty unions as of the end of Fy22.

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By not requiring legally mandated timesheets from all of its employees, the University does not ensure accountability for the time spent by faculty on official state business as contemplated by the Act for State university employees. Positive timekeeping by faculty could serve as a deterrent to misuse of State time, help detect discrepancies in time worked and reported, and provide documentation to assist with necessary administrative or legal actions.

UNIVERSITY RESPONSE:

We agree. Time reporting has been implemented at SIUC. At SIUE, agreements have been reached with both faculty unions, and faculty time reporting will be implemented in academic year 2023-2024.

UPDATED RESPONSE:

Partially Implemented. Same as original response.

2022-017. The auditors recommend the University:

- **Review current practices to determine if enhancements can be implemented to prevent the theft or loss of computers.**
- **Evaluate and secure computers to ensure confidential information is protected.**
- **Perform and document an evaluation of data maintained on computers and ensure those containing confidential information are adequately tracked and protected with methods such as encryption.**

Additionally, they recommend the University conduct an analysis to determine if confidential information was maintained on the unlocated computers. If so, auditors recommend the University comply with the notification requirements of the Personal Information Protection Act.

FINDING: *(Weakness in Computer Inventory Control) – First reported 2012, last reported 2022*

Southern Illinois University (University) was unable to locate 61 computers from the Edwardsville campus, 32 computers from the Carbondale campus and 6 computers from the Springfield campus during their annual inventory.

During the University's annual inventory, they noted 99 computers were missing across three campuses. Although the University had established procedures for requiring encryption on computers that could have confidential information on them, the University could not determine if the missing computers were encrypted or contained confidential information. After computers were reported missing, the University requested responsible staff to

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determine if confidential information was maintained on those computers; however, no formal verification was conducted. Therefore, auditors could not determine if the computers had confidential information exposed.

The original cost of these items for the Edwardsville and Carbondale (including the Springfield campus) campuses totaled \$55,122 and \$47,443, respectively.

This finding was first noted during the University's fiscal year June 30, 2012 State Compliance Examination. As such, the University has been unsuccessful in implementing corrective action to remedy this deficiency.

University management stated corrective actions taken to date had not fully eliminated all weaknesses noted because budgetary constraints restrict the amount of manpower that can be allocated to this project.

Failure to maintain adequate controls over computer inventory has resulted in lost or stolen computer inventory and the potential for unintended exposure of confidential information.

UNIVERSITY RESPONSE:

We agree that continued efforts can be taken to further improve the control of computer inventory on our campuses. SIUC Property Control has adopted the use of a data aggregation tool as a mechanism to search for computer assets in multiple network logs. This tool has proven to be effective in enhancing the identification and tracking of computer assets within SIUC.

Each campus is forming working groups consisting of representation from various campus departments to address the issues from a broader perspective. These groups will continue to meet to discuss best practices and look for enhancements to current systems, including evaluating the potential adoption of available technologies.

Our Technology Offices (SIUC Office of Information Technology and SIUE Information Technology Services) continue to monitor data loss prevention practices and encryption of assets on the SIU domains. It is our hope that the combined efforts, including the continued use of the data aggregation tool at SIUC, will significantly reduce the loss of computer assets and data. However, given the size of our inventory, we acknowledge that complete elimination of loss is unlikely.

UPDATED RESPONSE:

Partially Implemented. Update from SIUC: At Carbondale we have formed a Computer Inventory Management committee composed of 20+ employees from various departments and disciplines across campus. The committee is broken into 4 working groups (Asset Additions, Asset Management, Inventory Management and Policy & Procedure). The committee had a kick-off meeting on July 12th where members were assigned to working groups. Working group meetings started on August 15th and will continue through September. Recommendations will be gathered and presented to campus administration in October.

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2022-018. The auditors recommend the University take measures to establish a forensic psychiatry fellowship training program and to request funding if needed, or to seek legislative change. They further recommend the University implement internal controls to monitor laws, assess applicability, and ensure compliance.

FINDING: *(Forensic Psychiatry Fellowship Training Program) – First reported 2021, last reported 2022*

Southern Illinois University (University) did not establish a forensic psychiatry fellowship training program as required by statute.

The Forensic Psychiatry Fellowship Training Act (Act) (110 ILCS 46/1 et seq.) requires the University to expand their focus on enrolling, training, and graduating forensic mental health professionals by creating a forensic psychiatry fellowship training program at their college of medicine. The Act granted the University the power to increase services and training commitments in order to provide mental health care to chronically mentally ill populations in Illinois; and to establish clinical and educational centers and to cooperate with other entities. The Act mandates the University to coordinate service, education, and research in mental health with other entities and requires the majority of fellows' clinical rotations be served in publicly supported programs in Illinois.

The University had not offered a forensic psychiatry fellowship training program at its School of Medicine since the mandate became effective in August 2007. Furthermore, the University had not sought funding of this mandate during FY22.

University management stated the University lacked funding to comply with this mandate.

Failure to create a fellowship training program inhibits the University's ability to provide students fellowship opportunities within forensic psychiatry and the ability to help meet mental health needs in Illinois as intended by the Act.

UNIVERSITY RESPONSE:

We agree that a forensic psychiatry fellowship training program is not currently being offered. While the University does not want to see the requirement for this fellowship to be eliminated, it is seeking relief from this unfunded mandate by recommending the statute be amended to make the act subject to appropriation. Actions have been taken to have this matter addressed through an omnibus state government statute clean-up, House Bill 3856, which passed the General Assembly unanimously in both chambers and will be sent to the Governor soon for his signature. As this legislation was drafted by the administration, it is expected to be signed into law.

UPDATED RESPONSE:

Implemented. This matter was included in the 2023 omnibus state government statute clean-up legislation this Spring. House Bill 3856 passed the General Assembly unanimously was signed into law.

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2022-019. The auditors recommend the University inform staff of submission requirements and implement internal controls to ensure all required publications paid at least partially by appropriated funds are submitted to the State Library in accordance with the Act and the Code.

FINDING: *(Publications Filed with the State Library) – First reported 2021, last reported 2022*

Southern Illinois University (University) did not submit all required documents to the Illinois State Library as mandated by the State Library Act (Act).

The University did not have sufficient internal controls in place to ensure all of its publications were provided to the State Library. The most recent annual listing reported only 27 publications had been filed by the University with the State Library; the submitted publications consisted of four reports from the SIU Board of Trustees, three law journals, a volume of language and literature papers, and nineteen books.

University management indicated some of the University's general publications were not submitted to the State Library due to a misunderstanding of the documents required to be filed. University management indicated internal controls and procedures to ensure compliance had not yet been developed during FY22.

Failure to provide all required documents to the State Library prevents the availability of such documents at the designated State repository for its collection and exchange purposes as mandated by the State legislature.

UNIVERSITY RESPONSE:

We agree. SIU did not have in place sufficient internal controls to collect and submit all required publications to the State Library in accordance with the broad language of the State Library Act. SIU was actively working with the Library through HB 3142 to narrow the language for required publications to include university-wide annual reports, maps, annual university press books and journals published by the University. HB 3142 was introduced in the Spring legislative session. However, after further discussion with Library staff, it appears the preferred approach is to clarify the language in the Rules vs. the Statute. SIU will continue to work with library staff to ensure this language clarification is finalized.

UPDATED RESPONSE:

Partially Implemented. Both campuses have made substantial progress toward full compliance.

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2022-020. The auditors recommend the University continue to monitor courses offered and approved for the identified majors and ensure courses meeting the major panel requirements are submitted for review.

FINDING: *(Noncompliance with Illinois Articulation Initiative) – First reported 2020, last reported 2022*

Southern Illinois University (University) did not maintain a minimum of one approved course per major under the Illinois Articulation Initiative (Initiative or IAI) for some majors offered by the University.

The Initiative, through its itransfer.org website, exists to ease the transfer of students among the State's associate and baccalaureate degree granting institutions. The Initiative consists of both a General Education Core Curriculum package, where completion of the entire package at one institution is fully accepted by 108 institutions across the State, and an Initiative major, which provides guidance for students with uncertain transfer plans.

During testing, auditors noted the University did not have a minimum of one course approved by the Initiative panel included within the related Initiative major for its early childhood education, physics, and political science degree programs.

This finding was first noted during the University's fiscal year June 30, 2020 State compliance examination. As such, the University has been unsuccessful in implementing a corrective action plan during Fiscal year 2022 to remedy this deficiency.

University management further stated they disagreed with this finding due to a different interpretation of the Act's requirements. Management stated they do not believe they have, nor are required to offer, equivalent courses for these majors.

The auditors noted the General Assembly required participation in the Initiative to enhance the ability of students to transfer to any of the participating institutions without having to retake courses similar to courses they took at their initial institution. The auditor further noted the University's interpretation of the Act that any incongruence within a course descriptor means equivalent courses are not offered and do not require any modification or convergence among the participating institutions would frustrate the legislative purpose of the Act.

Failure to fully participate in the Initiative by maintaining at least one course approved by the IAI panel per Initiative major, when an equivalent major and courses exist, could hinder students looking to transfer to other institutions and represents noncompliance with State law.

UNIVERSITY RESPONSE:

While we disagree with the finding, we agree with the recommendation. We continue to disagree with the finding on the basis of interpretation of the Act. We believe the language in the Act provides latitude for situations in which the University does not have any such

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majors or course, of which we do not for the exception areas noted. However, we will continue our effort to reconcile the differing interpretations, and as recommended will continue to monitor courses offered and approved for the identified majors and ensure courses meeting the major panel requirement are submitted for review.

ACCOUNTANT'S COMMENT:

The University offered early childhood education, physics, and political science degree programs, but did not have any courses approved by the Initiative panel for the related Initiative majors.

The General Assembly required participation in the Initiative by the State's public universities to enhance the ability of students, after completing their lower-division coursework, to transfer to any of the 78 four-year institutions participating in the Initiative without having to retake courses similar to the courses they took at their initial institution.

For majors, the Initiative has major categories (such as early childhood education) which each have several course descriptors (such as (1) child growth and development, (2) the exceptional child, and (3) child, family, and community for early childhood education) that then have underlying elements that must be in a course under the course descriptor (such as (1) understanding the interrelationship between children's holistic well-being and development, (2) developmental domains, their interrelationship, and factors contributing to variations in development, (3) comprehension of the stages and variations across the developmental domains, (4) application of early care and education practices, (5) recognition of the consequences of stress, trauma, protective factors, and resilience, and (6) understanding of child development within a socio-cultural context for child growth and development). Each campus of the State's public universities, as a separate institution within the Initiative, is responsible for identifying if their campus offers an equivalent course within the definition of the Initiative's underlying course descriptors for each major offered in the Initiative. Then, each institution must select, at least, one course that meets one of the course descriptors within an Initiative major and get this course accepted into the Initiative by ensuring the selected course meets the course descriptor's underlying elements.

If the interpretation of the Act was solely for a campus to review its courses and conclude any incongruence with the underlying elements within a course descriptor, no matter how minor, meant the institution did not offer an equivalent course, then the legislative purpose of the Act would be frustrated. In this scenario, it is highly unlikely any of the 78 participating institutions would have had complete alignment between the syllabi and content of their courses without some modification and convergence through the Initiative.

UPDATED RESPONSE:

Partially Implemented. Since the initial reporting of this finding, both campuses are actively working on identifying and gaining approvals for Illinois Articulation Initiative (IAI) Majors courses. While we still disagree with the finding, SIU is moving forward with seeking approval of courses within the identified majors.

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2022-21. The auditors recommend the University work to hold an annual meeting of the Advisory Board members to conduct the required duties of the Board. In addition, they recommend the University ensure that at least 7 members of the Advisory Board attends the meeting ensuring a quorum is met. The auditors further recommend the University work with the Governor’s Office of Executive Appointments to fill the six vacancies on the Advisory Board.

FINDING: *(Pilot Plant Not Managed by the Illinois Ethanol Research Advisory Board) – First reported 2015, last reported 2022*

Southern Illinois University (University) managed the National Corn-to-Ethanol Research Pilot Plant (“the Pilot Plant”) under the review and guidance of a combined group of stakeholders it identified and Illinois Ethanol Research Advisory Board (Advisory Board) members rather than just the Advisory Board mandated by law.

During FY22, the University held a joint meeting of the Advisory Board and stakeholders in order to perform the Advisory Board’s duties of providing review and guidance to the University Board of Trustees to assist in operating and managing the Pilot Plant as required by the State statute. However, a quorum of members on the Advisory Board was not achieved during the annual meeting. Six of 14 (43%) Advisory Board positions remained vacant during FY22. In addition, three ex officio members were not present, although management representatives from each of their organizations did attend. Furthermore, a total of 32 stakeholders and other individuals, including five Advisory Board members, attended and participated in the meeting. University management stated feedback from meeting participants was being used to update the strategic plan and analysis. Since Advisory Board members constituted a minority of meeting participants, the Pilot Plant was, in essence, managed under the review and guidance of stakeholders identified by the University rather than the Advisory Board members mandated by State law.

The Act states the Advisory Board shall meet at least annually and have the following duties:

- Review of annual operating plans and budget of the Pilot Plant;
- Advise on research and development priorities and projects to be carried out at the Pilot Plant;
- Advise on policies and procedures regarding the management and operation of the Pilot Plant, which may include contracts, project selection, and personnel issues;
- Develop bylaws;

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- Submit a final report to the Governor and General Assembly outlining the progress and accomplishments made during the year along with a financial report for the year; and
- Establish and operate the National Corn-to-Ethanol Research Center of Excellence with purposes and goals including conducting research, providing training, consulting, developing demonstration projects, and service as an independent resource to the ethanol industry.

This finding was first noted during the University's fiscal year June 30, 2015 State Compliance Examination. As such, the University has been unsuccessful in implementing corrective action to remedy this deficiency.

University management indicated they thought they were compliant with the Act. Management further stated they believed a quorum had been achieved because they had concluded it was acceptable for ex officio members to send delegates in their place even though the Act does not explicitly allow delegates. However, auditors noted ex officio Board members hold their positions on the Board by virtue of their particular position as the officers designated in statute, and the same authority is not conveyed to representatives without statutory authority for designees.

Failure to comply with all provisions of the Act prohibits the University's ability to manage the Pilot Plant as envisioned by the General Assembly. Managing the Pilot Plant by a group other than the Advisory Board required by statute undermines the authority of the legislature.

UNIVERSITY RESPONSE:

We disagree with the interpretation of the act in this finding, but we agree to take action seeking legislative change to remedy the situation. SIU is pursuing a legislative solution for amending the act that will allow for ex-officio appointments to send appropriate delegates to the advisory board meetings.

UPDATED RESPONSE:

Implemented. SIU agrees and corrective action has been implemented. Procedures for the maintenance of I-9 forms have been reviewed and enhanced, and responsible employees have been trained to ensure forms are maintained in accordance with the guidance set by the U.S. Citizenship and Immigration Services (USCIS) for I-9 retention and storage.

ACCOUNTANT'S COMMENT:

As noted above, ex officio Board members hold their positions on the Board by virtue of their particular position as the officers designated in statute, and the same authority is not conveyed to representatives without statutory authority for designees. The University did not provide any evidence they had conducted a legal analysis or sought a legal opinion to support their position.

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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.

SIU only had one notable emergency purchase in FY22 for \$132,588 on construction and building repair.

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 January, and July 2022, SIU had zero employees assigned to locations others than official headquarters.