

**STATE OF ILLINOIS  
BOARD OF HIGHER EDUCATION  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

**STATE OF ILLINOIS  
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STATE OF ILLINOIS  
**BOARD OF HIGHER EDUCATION**  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021

**BOARD OFFICIALS**

Executive Director (2/1/20 – Present)	Ginger Ostro
Interim Executive Director (1/1/19 – 1/31/20)	Nyle Robinson
Chief of Staff (09/01/21-Present)	Ja’Neane Minor
Deputy Directors:	
Executive Deputy Director (2/1/20 – Present)	Stephanie Bernoteit
Academic Affairs (11/10/17 – 1/31/20)	Stephanie Bernoteit
Academic Affairs (11/15/14 – 03/15/22)	Gretchen Lohman
Senior Associate Director PBVS (02/01/20 – 06/30/21)	Adam Campbell
Director of Private Business and Vocational School (PBVS) (05/01/22 – Present)	Nina Tangman
Senior Director Academic Affairs (05/01/22 – Present)	Nkechi Onwuameze
Early Childhood Access Consortium for Equity (ECACE) Project Director (11/01/21 – Present)	Christi Chadwick
Diversity and Outreach (Retired 7/31/22)	Arthur Sutton
Fiscal Affairs & Budgeting (Retired 8/31/21)	Nyle Robinson
Chief Financial Officer (07/01/22 – Present)	Gloria Gibson
Information Management & Research	Eric Lichtenberger
Executive Assistant / Secretary to the Board (10/1/19 – Present)	Vacant
Interim Board Secretary (10/1/19 – 1/15/23)	Tracy Rembusch
Executive Assistant / Secretary to the Board (7/1/17 – 9/30/19)	Cindy Deitsch
Public Information Officer (7/31/18 – Present)	Melissa Hahn
Associate Director for External Relations (7/1/17 – 6/30/18)	Candace Mueller
Senior Assoc. Director of Strategic Communications (4/15/22 – Present)	Jose Garcia
Senior Associate Director (Retired 8/31/21)	Karen Helland
Senior Director of Policy (03/15/22 – 05/15/22)	Angel Velez
Senior Director of Policy (Resigned 2/15/23)	Sophia Gehlhausen
Legislative Liaison	Jaimee Ray
Chief Budget Officer (Resigned 10/31/2020)	Bruce Bennett

STATE OF ILLINOIS  
**BOARD OF HIGHER EDUCATION**  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021

**BOARD MEMBERS**

As of June 30, 2021, the Board was comprised of:

Tom Cross (Chairman)	Jay Bergman
Emily Buice	Max Coffey
Kevin Huber	Alice Marie Jacobs
Lazaro Lopez	Truong Luu
Santos Rivera	Jack Thomas

**BOARD MEMBERS**

Current Board:

John Atkinson (Chairman)	Pranav Kothari
Jennifer Delaney	Kenneth Shaw
Andrea Evans	Clarence Wyatt
Jennifer Garrison	Lazaro Lopez
Veronica Herrero	Kevin Huber

The Board's office is located at:

1 North Old State Capitol Plaza, Suite 333  
Springfield, Illinois 62701-1377



ILLINOIS BOARD OF  
HIGHER EDUCATION

JB Pritzker  
**Governor**

John Atkinson  
Burr Ridge  
**Chair**

**Members**

Jennifer Delaney  
*Champaign*

Andrea Evans  
*Chicago*

Jennifer Garrison  
*Vandalia*

Veronica Herrero  
*Chicago*

Pranav Kothari  
*Chicago*

Kenneth Shaw  
*Chicago*

Clarence Wyatt  
*Monmouth*

**Student Members**

Isaiah Overton  
*Student Board Member*

Emmanuel Segbedzi  
*Nontraditional Student  
Board Member*

**Ex Officio Representatives**

Lazaro Lopez  
*Illinois Community  
College Board*

Kevin Huber  
*Illinois Student  
Assistance Commission*

**Executive Director**

Ginger Ostro

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**ILLINOIS BOARD OF HIGHER EDUCATION**  
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MANAGEMENT ASSERTION LETTER

May 1, 2023

Honorable Frank J. Mautino  
Auditor General  
State of Illinois  
740 East Ash Street  
Springfield, Illinois 62703-3154

Auditor General Mautino:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of the State of Illinois, Board of Higher Education (Board). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the Board's compliance with the following specified requirements during the two-year period ended June 30, 2021. Based on this evaluation, we assert that during the years ended June 30, 2020, and June 30, 2021, the Board has materially complied with the specified requirements listed below.

- A. Other than what has been previously disclosed and reported in the Schedule of Findings, the Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. Other than what has been previously disclosed and reported in the Schedule of Findings, the Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. Other than what has been previously disclosed and reported in the Schedule of Findings, the Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. Other than what has been previously disclosed and reported in the Schedule of Findings, state revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.

- E. Other than what has been previously disclosed and reported in the Schedule of Findings, Money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

State of Illinois, Board of Higher Education

**SIGNED ORIGINAL ON FILE**

Ginger Ostro, Executive Director

**SIGNED ORIGINAL ON FILE**

Gloria Gibson, Chief Financial Officer

**SIGNED ORIGINAL ON FILE**

Sai Kanu, Associate Director of Fiscal and Budget

**STATE OF ILLINOIS  
BOARD OF HIGHER EDUCATION  
STATE COMPLIANCE EXAMINATION  
For the Two Years Ended June 30, 2021**

**STATE COMPLIANCE REPORT**

**SUMMARY**

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

**ACCOUNTANT’S REPORT**

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations or disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	11	3
Repeated Findings	3	1
Prior Recommendations Implemented or Not Repeated	0	2

**SCHEDULE OF FINDINGS**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Last/First Reported</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
<b>Current Findings</b>				
2021-001	11	New	Weaknesses in Contractual Services	Material Weakness and Material Noncompliance
2021-002	15	New	Inadequate Controls over Access to Systems and Applications	Material Weakness and Material Noncompliance
2021-003	17	2019/2013	Inadequate Controls over State Property	Significant Deficiency and Noncompliance
2021-004	19	2019/2019	Failure to Enforce Compliance with Grant Agreements	Significant Deficiency and Noncompliance

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings (continued)</b>				
2021-005	22	2019/2019	Board not Staffed as Required	Significant Deficiency and Noncompliance
2021-006	24	New	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2021-007	27	New	Noncompliance with Reporting Requirements	Significant Deficiency and Noncompliance
2021-008	29	New	Weaknesses in Preparation of GAAP Reporting	Significant Deficiency and Noncompliance
2021-009	32	New	Lack of Adequate Controls over the Review of Internal Controls for Service Providers	Significant Deficiency and Noncompliance
2021-010	34	New	Inadequate Controls over Receipt Processing	Significant Deficiency and Noncompliance
2021-011	36	New	Noncompliance with the Board of Higher Education Act	Significant Deficiency and Noncompliance

### **EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with Board personnel at an exit conference on April 25, 2023.

Attending were:

Board of Higher Education:  
 Ginger Ostro, Executive Director  
 Gloria Gibson, Chief Financial Officer  
 Sai Kanu, Associate Director of Fiscal and Budgeting

Office of the Auditor General:  
 Stephanie Wildhaber, Audit Manager  
 Maggie Sabo, Audit Supervisor

The responses to the recommendations were provided by Ms. Sai Kanu, Associate Director of Fiscal and Budgeting, in a correspondence dated May 1, 2023.



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OFFICE OF THE AUDITOR GENERAL  
FRANK J. MAUTINO

**INDEPENDENT ACCOUNTANT'S REPORT**  
**ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Governing Board  
State of Illinois, Board of Higher Education

**Report on State Compliance**

We have examined compliance by the State of Illinois, Board of Higher Education (Board) with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the two years ended June 30, 2021. Management of the Board is responsible for compliance with the specified requirements. Our responsibility is to express an opinion on the Board's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The Board has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The Board has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The Board has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

- D. State revenues and receipts collected by the Board are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the Board on behalf of the State or held in trust by the Board have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the Board complied with the specified requirements in all material respects. An examination involves performing procedures to obtain evidence about whether the Board complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the Board's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirements applicable to the Board during the two years ended June 30, 2021. As described in the accompanying Schedule of Findings as items 2021-001 and 2021-002, 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.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the Board complied with the specified requirements during the two years ended June 30, 2021, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2021-003 through 2021-011.

The Board's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

## **Report on Internal Control Over Compliance**

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the Board's internal control to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the Board's compliance with the specified requirements and to test and report on the Board's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A material weakness in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-001 and 2021-002 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2021-003 through 2021-011 to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The Board's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The Board's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

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JANE CLARK, CPA  
Director of Financial and Compliance Audits

Springfield, Illinois  
May 1, 2023

**STATE OF ILLINOIS  
BOARD OF HIGHER EDUCATION  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2021**

2021-001.     **FINDING**     (Weaknesses in Contractual Services)

The Board of Higher Education (Board) did not exercise adequate controls over contractual services.

During testing, we noted the Board does not maintain a complete list of contract agreements. During the examination, we requested the Board provide a list of contract agreements in effect during the two years ended June 30, 2021. The Board was able to provide copies of certain contract agreements, but was unable to determine if all contracts in effect during the examination were included.

The State Records Act (5 ILCS 160/9) requires the Board to establish and maintain a program for agency records management, which shall include effective controls over maintenance of records. 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 used efficiently, effectively and in compliance with applicable law and revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

Due to these conditions, the accountants were unable to conclude whether the Board's population records were sufficiently precise and detailed under the Attestation Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36) to test the Board's contract agreements.

***Although the population limitations noted above hindered our ability to conclude whether the selected sample was representative of the population as a whole, we selected a sample of 3 contracts for testing and noted:***

- The Board was unable to provide supporting documentation for 2 (67%) contracts tested, totaling \$209,733. Documentation missing included the following certifications:
  - Bribery clause certification (30 ILCS 500/50-5(d))
  - Debt delinquency certification (30 ILCS 500/50-11(b))
  - Drug free workplace certification (30 ILCS 580/3 through 580/4)
  - Environment Protection Act (30 ILCS 500/50-14(c))
  - Felons certification (30 ILCS 500/50-10(b))
  - Prohibited bidders and contractors certification (30 ILCS 500/50-10.5(b))
  - Illinois use tax certification (30 ILCS 500/50-12(b))
  - International anti-boycott certification (30 ILCS 582/5)

**STATE OF ILLINOIS**  
**BOARD OF HIGHER EDUCATION**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-001.     **FINDING**     (Weaknesses in Contractual Services) – continued

- State Board of Elections certification (30 ILCS 500/20-160(b))
- Contractor’s/Lessor’s Federal Taxpayer Identification Number and Legal Status Disclosure certification (SAMS 15.20.50)
- Conflicts of Interest (30 ILCS 500/50-13, 50-35)

The Statewide Accounting Management System (SAMS) (Procedure 15.10.20 and 15.20.50) requires contracts and leases to contain certain signatures, clauses, and certifications. In addition, the State Records Act (5 ILCS 160/8) requires the Board to cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of person directly affected by the agency’s activities.

- For 1 (33%) contract tested, totaling \$13,000, the contract was not signed prior to the performance of services or receipt of goods. Additionally, the Board was unable to provide supporting documentation of a request to receive a waiver of the Late Filing Affidavit requirement from the Comptroller or Treasurer.

The Illinois Procurement Code (30 ILCS 500/20-80) states no voucher shall be submitted to the Office of Comptroller (Comptroller) for a warrant to be drawn for the payment of money from the State treasury or from other funds held by the State Treasurer on account of any contract unless the contract is reduced in writing before the services are performed and filed with the Comptroller. A chief procurement officer may request an exception to this subsection by submitting a written statement to the Comptroller and Treasurer setting forth the circumstances and reasons why the contract could not be reduced to writing before the supplies were received or services were performed. A waiver of this subsection must be approved by the Comptroller and Treasurer.

- One (33%) contract tested, totaling \$13,000, was signed by someone other than either 1) the head of the agency or 2) a delegated authority to sign the agency’s name, with signature of the person actually signed the document. Specifically, the initial contract was signed by a Board member who did not have contract signature authority.

SAMS (Procedure 15.20.95) requires Contract Signature Authorization Forms to be prepared individually for each agency head and designee. Additionally, the FCIAA (30 ILCS 10/3001) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative

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BOARD OF HIGHER EDUCATION  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2021**

2021-001.     **FINDING**     (Weaknesses in Contractual Services) – continued

controls to ensure that: resources are utilized efficiently, effectively, and in compliance with applicable laws; obligations and costs are in compliance with applicable laws; funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

- For 1 (33%) contract tested, totaling \$13,000, the Contract Obligation Document (COD) was not properly completed. Specifically, the COD was missing a class code and the signature of an authorized individual.

SAMS (Procedure 15.20.10) requires the COD, when submitted for contract and lease purposes, contain the data elements indicated. Additionally, it requires a COD to contain the name of the individual who authorized the obligation and the filing agency.

During testing of one contractual agreement over \$3 million, we noted the following:

- The Board did not obtain all required signature approvals for this agreement. Specifically, the Board did not designate in writing a senior executive to sign in place of a chief legal counsel.

The State Finance Act (30 ILCS 105/9.02) requires all grants and renewals in the amount of \$250,000 or more in a fiscal year to be signed or approved in writing by the chief executive officer of the agency and to be signed or approved in writing by the agency's chief legal counsel and chief fiscal officer. Furthermore, it states that if the agency does not have a chief legal counsel or a chief fiscal officer, the chief executive officer of the agency shall designate in writing a senior executive as the individual responsible for signature or approval.

- The contractual agreement was not signed by all parties prior to the effective date of the agreement. The agreement was signed 38 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

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BOARD OF HIGHER EDUCATION  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2021**

2021-001. **FINDING** (Weaknesses in Contractual Services) – continued

applicable laws. Good internal controls require the approval of agreements by both parties prior to each agreement’s effective date.

Board officials indicated the exceptions were due to oversight.

Failure to provide the Auditor General with requested information does not allow the accountants to complete their procedures and provide useful and relevant feedback to the General Assembly and represents noncompliance with the Act. Failure to ensure contracts are properly signed and dated prior to the start date of an agreement subjects the State to unnecessary legal risks, and represents noncompliance with the SAMS Manual. Further, failure to timely sign agreements prevents all parties from timely assessing whether the agreement is reasonable and appropriate and increase the risk each party’s responsibilities will not be properly or accurately documented prior to services being rendered. (Finding Code No. 2021-001)

**RECOMMENDATION**

We recommend the Board strengthen controls to ensure:

- contract population records are properly maintained;
- documentation is completed and maintained;
- contracts are signed by the proper parties;
- COD documents are properly completed; and,
- contracts over \$250,000 are timely signed and approved by all required individuals.

**BOARD RESPONSE**

The Board of Higher Education accepts this recommendation. IBHE will strengthen controls to ensure completeness and accuracy of records, and that all agreements are executed in compliance with FCIAA.



**STATE OF ILLINOIS**  
**BOARD OF HIGHER EDUCATION**  
**SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS**  
**For the Two Years Ended June 30, 2021**

2021-002.     **FINDING**     (Inadequate Controls over Access to Systems and Applications)

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

In order to carry out its mission, the Board utilizes a myriad of systems and applications. We requested the Board provide a listing of users with access to their critical applications and databases. In response to our request, the Board provided a listing; however, they did not provide documentation demonstrating the population was complete and accurate.

Due to these conditions, we were unable to conclude the Board’s population records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AT-C § 205.36).

Even given the limitations noted, we tested a sample of users to determine if their access was appropriate, noting no exceptions.

Further, we noted the Board had not developed access provisioning policies and procedures.

Lastly, we noted the Board did not document regular reviews of access rights to the Board’s use of the Accounting Information System (AIS), Central Payroll System (CPS), and mainframe during the examination period.

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 revenues, expenditures, and transfer of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State’s resources.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Access Control section, requires entities to develop access provisioning policies and procedures and ensure access is provided on a needed basis.

The Board indicated a lack of resources resulted in the weaknesses.

The lack of adequate controls over access could result in unauthorized access and disclosure of confidential information. (Finding Code No. 2021-002)



**STATE OF ILLINOIS  
BOARD OF HIGHER EDUCATION  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2021**

2021-003.     **FINDING**     (Inadequate Controls over State Property)

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

During testing, we noted the following:

- Three of eight (38%) *Agency Reports of State Property* (Form C-15) were not timely filed with Office of Comptroller (Comptroller). The reports were filed between 6 and 34 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.

- One of two (50%) *Annual Real Property Utilization Reports* were not filed timely with the Department of Central Management Services (CMS). The report was filed 19 days late.

The State Property Control Act (30 ILCS 605/7.1(b)) requires the submission of an *Annual Report Property Utilization Report*, or annual update of such report, on forms required by the CMS by July 31 of each year. This includes entities with no real property (designated by the completion of Form B of the CMS *Annual Property Utilization Report* required forms).

- The Board did not take appropriate measures to verify the property listing submitted to CMS was accurate. We noted the amount reported on the December 2020 Form C-15 did not agree to the amount reported on the property listing submitted to CMS. A difference of \$55,593 was noted.

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.

- One of 60 (2%) vouchers tested included an equipment item, totaling \$1,937, which was not added to the Board’s property listing.

The State Property Control Act (30 ILCS 605/4) states the Board is accountable for the supervision, control and inventory of all property under its jurisdiction. Furthermore, SAMS (Procedure 29.10.10) requires the Board to maintain detailed records of all property, which includes correct

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BOARD OF HIGHER EDUCATION  
SCHEDULE OF FINDINGS – STATE COMPLIANCE FINDINGS  
For the Two Years Ended June 30, 2021**

2021-003. **FINDING** (Inadequate Controls over State Property) – continued

descriptions of the asset. Lastly, the Code (44 Ill. Admin. Code 5010.400) requires the Board to adjust property records within 90 days after acquisition.

- One of 60 (2%) vouchers tested included an equipment item, totaling \$1,937, which was excluded from the Annual Inventory Certification.

The State Property Control Act (30 ILCS 605/6.02) requires inventory certifications be submitted to CMS on an annual basis. Furthermore, the Code (44 Ill. Admin. Code 5010.460(c)) requires the Board to provide an annual listing of all equipment items with an acquisition value of \$1,000 or more and equipment subject to theft with an acquisition value of less than \$1,000. The Code was updated and the value was increased to \$2,500 as of January 23, 2023.

During the previous examination, Board officials indicated issues noted were due to staff turnover, new hires, reallocation of equipment items, and oversight. During the current examination, Board officials indicated the COVID-19 pandemic limited operations being performed timely as well as 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. (Finding Code No. 2021-003, 2019-001, 2017-001, 2015-001, 2013-001)

**RECOMMENDATION**

We recommend the Board strengthen its internal controls and ensure reports are complete and filed timely. We also recommend items are timely added to the property listing.

**BOARD RESPONSE**

The Board of Higher Education accepts the recommendation. IBHE will work with staff to ensure strengthening of its internal controls, timely filings of reports, and timely additions to the property listing.

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2021-004.     **FINDING**     (Failure to Enforce Compliance with Grant Agreements)

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

We selected a sample of three of the Board’s grant programs active during Fiscal Year 2020 and Fiscal Year 2021 to test. These three grant programs resulted in 18 grant agreements between the Board and various entities. During our testing, we noted the following conditions:

- For 18 of 18 (100%) grant agreements tested, the agreements were not signed prior to the start of the grant period. The grant agreements were signed between 12 and 300 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.

- We noted 28 of 72 (39%) quarterly reports tested were submitted 5 to 845 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.

- We noted 1 of 18 (6%) close-out reports tested was submitted 175 days late.

The grant agreement specified the close-out report is to be submitted no later than 60 days following the end of the agreement, specifically the required date noted in Exhibit B of the agreement.

- Two of 18 (11%) Participant Reports tested were submitted 66 and 98 days late.

Exhibit E of the grant agreements specified the due dates of the Participant Reports.

- One of 18 (6%) grant agreements was not signed by one party to the agreement.

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2021-004. **FINDING** (Failure to Enforce Compliance with Grant Agreements) – continued

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.

- We noted one of four (25%) audit reports tested was submitted 177 days late.

The grant agreement specified the audit report was to be submitted within 180 days after the grantee’s fiscal year end on or after June 30, or by the specified date in the agreement.

- Seventy-four of 75 (99%) 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, and the expenditures, disbursements, and cash receipts are for the purpose and objectives set forth in the terms and conditions of the federal or State award. 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 most of the instances noted were attributed to grantees not providing required information to the Board timely, despite the Board’s efforts to remind grantees and to follow up with grantees until all required information was received. During the current examination, Board officials indicated the COVID-19 pandemic and employee oversight limited operations being performed timely.

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. (Finding Code No. 2021-004, 2019-002)

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2021-004. **FINDING** (Failure to Enforce Compliance with Grant Agreements) – continued

**RECOMMENDATION**

We 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.

**BOARD RESPONSE**

The Board of Higher Education accepts the recommendation. IBHE will strengthen established procedures to ensure grant agreements are executed in accordance applicable policies. IBHE staff will work on the timely execution of grant agreements along with continuing to work with grantees on submitting certified reports timely.

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2021-005. **FINDING** (Board not Staffed as Required)

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, we noted the following Board staffing conditions existed as of June 30, 2021:

- Four student members were not timely appointed to serve on the Board. During Fiscal Year 2020, the student members were not appointed until September 7, 2019, leaving these positions vacant from July 1, 2019, until September 7, 2019, or 68 days. During Fiscal Year 2021, a student member was not appointed until August 28, 2020, leaving this position vacant from July 1, 2020, until August 28, 2020 or 58 days. During Fiscal Year 2021, a student member was not appointed until October 23, 2020, leaving this position vacant from July 1, 2020, until October 23, 2020 or 114 days.
- Two members representing public university governing boards and private college and university boards of trustees were not timely appointed to serve on the Board. During Fiscal Year 2020, a member was not appointed until August 2, 2019, leaving this position vacant from July 1, 2019, until August 2, 2019, or 32 days. During Fiscal Year 2020 and, a member was not appointed until January 3, 2020, leaving this position vacant from July 1, 2019, until January 3, 2020, or 186 days.

The Act (110 ILCS 205/3(e)) states the member of the Board representing public university governing boards and the member of the Board representing private college and university boards of trustees, who are appointed by the Governor but not subject to confirmation by the Senate, shall serve terms of one year beginning on July 1. The Act (110 ILCS 205/3(d)) further states each student member shall serve a term of one year beginning on July 1 of each year.

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. Board officials indicated the student advisory committee was not able to meet and appoint a student representative timely due to competing priorities.

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. (Finding Code No. 2021-005, 2019-003)



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2021-005.     **FINDING**     (Board not Staffed as Required) – continued

**RECOMMENDATION**

We recommend the Board continue to work with the Governor to ensure members are timely appointed. 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.

**BOARD RESPONSE**

The Illinois Board of Higher Education acknowledges this recommendation. Effective 6/7/22 Board of Higher Education Act (Act) (110 ILCS 205/3 thru 205/4) states that each student member shall serve a term of one year beginning on July 1 of each year and until a successor is appointed. In 2022, IBHE sought and received statutory change so that student board members serve until their successor is appointed, which is intended to avoid the gap the accountants noted here. Additionally, we are seeking legislation in the 2023 Spring session to change the term of the two members representing public university governing boards and private college and university boards of trustees to three years rather than one year to minimize the likelihood of a delayed appointment.

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2021-006.     **FINDING**     (Weaknesses in Cybersecurity Programs and Practices)

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

- Developed a formal, comprehensive, adequate, and communicated security program (including policies, procedures, and processes as well as clearly defined responsibilities over the security of computer programs and data) to manage and monitor the regulatory, legal, environmental, and operational requirements.
- Reviewed and updated established policies and procedures during the examination period.
- Established and documented cybersecurity roles and responsibilities.
- 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.
- Established security solutions to provide security and resilience of its assets.

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2021-006. **FINDING** (Weaknesses in Cybersecurity Programs and Practices) – continued

- Required employees or contractors to acknowledge receipt of the Board’s policies.
- Developed a data classification methodology or classified its data to identify and ensure adequate protection of information.

In addition, we noted 4 of 5 (80%) sampled new employees had not completed cybersecurity training within the 7 day timeframe, ranging from 2 to 79 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 new employee checklist requires them to complete cybersecurity training within seven days of starting employment.

The Board indicated a lack of resources responsible for cybersecurity controls resulted in the weaknesses.

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. (Finding Code No. 2021-006)

**RECOMMENDATION**

We recommend the Board:

- Develop a formal, comprehensive, adequate, and communicated security program (including policies, procedures, and processes as well as clearly defined responsibilities over the security of computer programs and data) to

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2021-006.     **FINDING**     (Weaknesses in Cybersecurity Programs and Practices) – continued

manage and monitor the regulatory, legal, environmental, and operational requirements.

- Review and update established policies and procedures.
- Establish and document cybersecurity roles and responsibilities.
- 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.
- Establish security solutions to provide security and resilience of its assets.
- Require employees and contractors to acknowledge receipt of the Board’s policies.
- Develop a data classification methodology to classify data to identify and ensure adequate protection of information.
- Ensure new employees complete cybersecurity training within the required seven day timeframe.

**BOARD RESPONSE**

The Board of Higher Education accepts the recommendation. IBHE updated established procedures that ensure well managed controls that safeguard systems and data. IBHE will conduct periodic reviews to identify potential risks and implement risk reducing controls. Furthermore, IBHE will ensure that all employee and agency partners complete the required cybersecurity training.

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2021-007.     **FINDING**     (Noncompliance with Reporting Requirements)

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

During testing, we noted the following:

- The Fiscal Year 2021 Fiscal Control and Internal Auditing Act (FCIAA) certification was not timely submitted to the Auditor General. The certification was filed 159 days late.
- The Fiscal Year 2021 FCIAA certification was not signed by the Executive Director.

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

- The Board was unable to provide documentation substantiating the *Agency Fee Imposition Report* for Fiscal Year 2021 was timely filed.
- We were unable to agree the amounts reported on the Fiscal Year 2021 *Agency Fee Imposition Report* to the Board's receipt records due to a lack of documentation.

The Statewide Accounting Management System (SAMS) (Procedure 33.16.10) requires the Board to complete the *Agency Fee Imposition Report*, which is to include the total amount of revenue generated by the fee during the fiscal year for which the report is prepared. Additionally, the State Records Act (5 ILCS 160/8) requires the head of the Board to make and preserve records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

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

The State Vehicle Use 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.

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2021-007.     **FINDING**     (Noncompliance with Reporting Requirements) – continued

- 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 State Finance 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.

Board officials indicated the exceptions were due to oversight, key employee turnover, and the COVID-19 remote work mandate.

Failure to timely and properly submit required reports can lead to misinformation and is noncompliance with the various requirements. (Finding Code No. 2021-007)

**RECOMMENDATION**

We recommend the Board strengthen controls to ensure reports are properly and timely submitted.

**BOARD RESPONSE**

The Board of Higher Education accepts this recommendation. IBHE will strengthen controls to ensure that reports are filed in compliance with applicable policies.

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2021-008.     **FINDING**     (Weaknesses in Preparation of GAAP Reporting)

The Board of Higher Education (Board) did not correctly report 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 reported federal activity in one fund during Fiscal Years 2020 and 2021. While performing agreed-upon procedures over the Fiscal Year 2021 SCO-563, 567, and 568 GAAP forms, we noted the Board inaccurately reported or could not support financial information on Form SCO-563, 567, 568 and the SEFA as follows:

- The expenditure amount listed on the Interfund Activity-Grantee Agency (Form SCO-567) did not agree to the Board’s expenditure records. We noted an overstatement of \$12,000 on Form SCO-567.

The Statewide Accounting Management Systems (SAMS) (Procedure 27.20.67) contains detailed instructions for proper completion of the Form SCO-567.

- The amounts listed on the Grant/Contract Analysis (Form SCO-563) did not agree to the Board’s records. Specifically, the subrecipient and expenditure amounts were understated by \$318,000 on Form SCO-563 and the receipt amounts were overstated by \$556,000 on the Form SCO-563.

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

- It appears the Board did not submit the Grant/Contract Analysis (Form SCO-563C) to the Comptroller as part of their GAAP Package. The Board created the form after receiving requests from the accountants.

SAMS (Procedure 27.20.63) states that the Form SCO-563C should be completed by all State agencies of the primary government for each fund preparing Form SCO-563.

- The federal expenditure amounts reported on the Fiscal Year 2021 Board prepared SEFA did not agree to the amounts reported on the SCO-563, SCO-567, and/or Interfund Activity-Grantor Agency (Form SCO-568). The SEFA was overstated by \$5,590,000.

SAMS (Procedure 27.20.63) states information reported on Form SCO-563 is used in preparation of the Statewide SEFA. Additionally, SAMS

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2021-008.     **FINDING**     (Weaknesses in Preparation of GAAP Reporting) – continued

(Procedure 27.20.67) states data collected on Form SCO-567 also assists in the preparation of the SEFA. Lastly, SAMS (Procedure 27.20.68) states data collected on Form SCO-568 also assists in the preparation of the SEFA for the primary government portion of the State of Illinois' Reporting Entity.

- The subrecipient amounts for two grantors listed on the Form SCO-563 did not trace to the Board's prepared Form SCO-563C. Dollar amount differences were \$318,000 and \$2,032,000.

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

- We could not determine if 5 subrecipients, with a total of \$2,031,753 subrecipient amount, listed on the Form SCO-563C were properly listed as subrecipients as the Board did not provide their corresponding subrecipient grant agreements.

SAMS (Procedure 27.20.63) states the form SCO-563C should be completed by all State agencies of the primary government for each fund preparing Form SCO-563.

The Fiscal Control and Internal Auditing Act (FCIAA) (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 and funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

Board officials indicated the issues noted were due to staff error and oversight.

Failure to submit correct and properly supported information to the Comptroller decreases the accuracy of federal information used for the Statewide SEFA. (Finding Code No. 2021-008)

**RECOMMENDATION**

We 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.



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2021-008.     **FINDING**     (Weaknesses in Preparation of GAAP Reporting) – continued

**BOARD RESPONSE**

The Board of Higher Education accepts this recommendation. IBHE will update procedures to ensure controls over financial reporting are adequate and in compliance with FCIAA and SAMS filing requirements.

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2021-009.     **FINDING**     (Lack of Adequate Controls over the Review of Internal Controls for Service Providers)

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

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

During our testing, we noted the Board had not obtained System and Organization Control (SOC) reports or conducted independent internal control reviews of the 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, System and Services Acquisition section, requires entities to enter into agreements documenting the specific security, integrity, and availability responsibilities of all parties.

Board management indicated the weakness was the result of oversight.

Without having obtained and reviewed a SOC report or another form of independent internal controls review, the Board does not have assurance the service providers’ internal controls are adequate. (Finding Code No. 2021-009)

**RECOMMENDATION**

We recommend the Board obtain SOC reports or conduct independent internal control reviews at least annually. In addition, we recommend the Board:

- Monitor and document the operation of the Complementary User Entity Controls (CUECs) related to the Board’s operations.
- 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 with subservice organizations to ascertain if a corrective action plan exists

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2021-009.     **FINDING**     (Lack of Adequate Controls over the Review of Internal Controls for Service Providers) – continued

and when it will be implemented, any impact to the Board, and any compensating controls.

**BOARD RESPONSE**

The Board of Higher Education accepts the recommendation. IBHE will work with DoIT and obtain SOC reports to conduct internal control, Complementary User Entity Controls reviews annually.

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2021-010.     **FINDING**     (Inadequate Controls over Receipt Processing)

The Board of Higher Education (Board) did not maintain adequate controls over revenues and receipt processes.

During testing, we noted the following:

- Twenty-one receipt account codes listed in the Statewide Accounting Management Systems (SAMS) (Procedure 25.50.10-A) have not been utilized by the Board in the past three fiscal years and are no longer considered necessary for the Board's operations.

SAMS (Procedure 25.20.30) provides procedures for the deletion of receipt accounts using the *Chart of Accounts Maintenance Inquiry Form* (Form C-45). Good internal control over receipts includes ensuring the Chart of Accounts is accurate and up-to-date.

- The Board did not have an adequate process for receiving alternative payments for non-sufficient fund (NSF) checks. The Board received two NSF checks, totaling \$20, during the examination period for transcript requests. The Board did issue transcripts in these instances but did not receive an alternative payment.

Section 2 of the SAMS Manual discusses the importance of internal control. The procedure states, "Written procedures and flowcharts must be prepared to adequately document the internal control systems and processes for authorizing, executing, and recording transactions. Such documentation must be easily accessible for examination."

- The Board does not date stamp receipt checks until after they are scanned in and deposited into the bank. After the deposit is processed, a confirmation page is sent to fiscal, who date stamps 'received' and enters it into the system.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001(4)) requires the Board to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance that revenues are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports to maintain accountability over the State's resources.

- The Board did not complete 3 of 24 (13%) monthly reconciliations of its receipts to the Office of Comptroller's *Monthly Revenue Status Report* (SB04).

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2021-010.     **FINDING**     (Inadequate Controls over Receipt Processing) – continued

SAMS (Procedure 25.40.20) requires the Board to perform monthly reconciliations of its receipts records to the Comptroller's SB04 within 60 days of the month end.

Board officials indicated the issues noted were due to oversight and staff error.

Failure to maintain adequate controls over its receipt processing procedures and related fiscal records represents noncompliance with the SAMS Manual and applicable statutes and could also lead to errors in information reported. (Finding Code No. 2021-010)

**RECOMMENDATION**

We recommend the Board strengthen its internal controls over receipts and revenue processing to ensure records are accurately maintained and reconciliations are timely completed.

**BOARD RESPONSE**

The Board of Higher Education accepts the recommendation. IBHE will strengthen internal controls over receipts revenue processing to ensure records are accurately maintained and reconciliations are completed timely

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2021-011.     **FINDING**     (Noncompliance with the Board of Higher Education Act)

The Board of Higher Education (Board) did not comply with the Board of Higher Education Act (Act).

During testing, we noted the following:

- The Board did not timely deliver the Fiscal Year 2020 Annual Tuition and Fee Waiver Report to the General Assembly. The report was submitted 80 days late.

The Act (110 ILCS 205/9.29(a)) states the Board must report its findings and recommendations to the General Assembly by December 31 of each year.

- The Board did not timely submit the Gender Equity Report to the General Assembly or Office of the Governor. The report was submitted 448 days late.

The Act (110 ILCS 205/9.24) requires the Board report every 3 years to the General Assembly and the Governor, on or before the second Wednesday of April, beginning in 2002, with a description of the plans submitted by each public institution of the higher education relative to attainment of gender equity in intercollegiate sports. This required the report be submitted in April, 2020.

- The Board did not notify required parties that a certification received from a University Board indicated a Board member had not completed the training required under the Act.

The Act (110 ILCS 205/13(d)) states if the certification indicates a Board member has not completed the training required under this section, the Board is required to send a notice to the Governor, the President of the Senate, the Minority Leader of the Senate, the Speaker of the House of Representatives, and the Minority Leader of the House of Representative of that fact.

Board officials indicated the issues noted were due to oversight and staff error.

Failure to notify required parties of training not completed and failure to timely submit the Annual Tuition and Fee Waiver Report and Gender Equity Report represents noncompliance with the Act. (Finding Code No. 2021-011)

**RECOMMENDATION**

We recommend the Board notify required parties of training not completed and ensure reports are submitted timely, as required.

