



EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois

FEDERAL SINGLE AUDIT

*In Accordance with the Single Audit Act
and Applicable Federal Regulations
for the Year Ended June 30, 2023*

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

The background of the lower half of the page is an abstract, grayscale geometric pattern consisting of overlapping, semi-transparent planes and lines, creating a sense of depth and complexity.

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For the Year Ended June 30, 2023

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EASTERN ILLINOIS UNIVERSITY
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For the Year Ended June 30, 2023

UNIVERSITY OFFICIALS

President (7/1/22 - 6/30/23)	Dr. David M. Glassman
President (7/1/23 - present)	Dr. Jay D. Gatrell
Provost and Vice President for Academic Affairs (7/1/22 - 6/30/23)	Dr. Jay D. Gatrell
Interim Provost and Vice President for Academic Affairs (7/1/23 - present)	Dr. Ryan C. Hendrickson
Vice President for Business Affairs (7/1/22 - 7/5/22)	Vacant
Vice President for Business Affairs (7/6/22 - present)	Mr. Matthew J. Bierman
Vice President for Student Affairs	Ms. Anne Flaherty
Vice President for University Advancement (7/1/22 - 6/30/23)	Mr. Kenneth A. Wetstein
Vice President for University Advancement (7/1/23 - present)	Vacant
Director of Business Services and Treasurer (7/1/22 - 4/30/23)	Mr. Paul A. McCann
Director of Business Services and Treasurer (5/1/23 - 6/30/23)	Mr. Michael Hutchinson, CPA
General Counsel (7/1/22 - 2/28/23)	Ms. Laura McLaughlin
General Counsel (3/1/23 - 4/17/23)	Vacant
General Counsel (4/18/23 - present)	Mr. Austin J. Hill
Director of Internal Auditing (7/1/22 - 4/30/23)	Mr. Chifundo Biliwita, CIA, CFE
Director of Internal Auditing (5/1/23 - 12/31/23)	Vacant
Director of Internal Auditing (1/1/24 - present)	Ms. Natalee Black, CPA
BOARD OF TRUSTEES (as of June 30, 2023)	
Chairperson	Ms. Joyce Madigan
Vice Chairperson	Mr. C. Christopher Hicks
Secretary	Dr. Audrey Edwards
Member Pro-Tem	Ms. Barbara Baurer
Member	Ms. Julie Everett
Member	Vacant
Member	Vacant
Student Member	Mr. Connor W. Mellott

University offices are located at:
600 Lincoln Avenue
Charleston, Illinois 61920

EASTERN ILLINOIS UNIVERSITY
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FEDERAL SINGLE AUDIT
In Accordance with the Single Audit Act and Applicable Federal Regulations
For the Year Ended June 30, 2023

FEDERAL COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this audit of Eastern Illinois University (University) was conducted in accordance with the Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Guidance Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance)*, and *Government Auditing Standards*.

AUDITOR’S REPORT

The Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards, and the Schedule of Federal and Nonfederal Activity does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

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

*2023-003 was previously reported in the University’s Compliance Examination Report

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Reported	Description	Finding Type
Current Findings – Government Auditing Standards				
2023-001	11	2022/2020	Inadequate internal controls over census data	Material Weakness and Noncompliance
2023-002	15	2022/2022	Weaknesses in preparation of year-end financial statements	Material Weakness
2023-003	17	2022/2019	Lack of adequate review of service providers’ internal controls	Material Weakness

Current Findings – Federal Compliance

The audit did not disclose any findings required to be reported by the Uniform Guidance.

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EXIT CONFERENCE

Eastern Illinois University waived an exit conference in correspondence from Michael Hutchinson, Director of Business Services and Treasurer, on February 6, 2024. The response to the recommendation for item 2023-001 was provided by Michael Hutchinson, Director of Business Services and Treasurer, in correspondence dated September 1, 2023. The responses to the recommendations for items 2023-002 and 2023-003 were provided by Michael Hutchinson, Director of Business Services and Treasurer, in correspondence dated January 17, 2024.

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**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Eastern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of Eastern Illinois University (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the University’s basic financial statements, and we have issued our report thereon dated January 18, 2024. Our report includes a reference to other auditors who audited the financial statements of the Eastern Illinois University Foundation and the Eastern Illinois University Alumni Association, as described in our report on the University’s financial statements. This report does not include the results of the other auditors’ testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control. Accordingly, we do not express an opinion on the effectiveness of the University’s internal control.

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, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a

material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 through 2023-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 2023-001.

University's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The University's responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Decatur, Illinois
January 18, 2024

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INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND,
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE AND
THE SCHEDULE OF FEDERAL AND NONFEDERAL FINANCIAL ACTIVITY

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Eastern Illinois University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

As Special Assistant Auditors for the Auditor General, we have audited compliance by Eastern Illinois University (University) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2023. The University's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit*

Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the University’s compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The University’s basic financial statements include the operations of the Eastern Illinois University Foundation and the Eastern Illinois University Alumni Association, component units, which are not included in the University’s Schedule of Expenditures of Federal Awards during the year ended June 30, 2023. Our compliance audit, as described in the “Opinion on Each Major Program,” does not include the operations of these component units because the component units engaged other auditors to perform an audit of their financial statements and, if necessary, an audit of compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and the Schedule of Federal and Nonfederal Financial Activity

We have audited the financial statements of business-type activities, fiduciary activities, and aggregate discretely presented component units of the University as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively compromise the University's basic financial statements. We issued our report thereon, dated January 18, 2024, which contained an unmodified opinion on those financial statements. Our report includes a reference to other auditors, who audited the financial statements of the University's discretely presented component units, as described in our report on the University's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively compromise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. In addition, the accompanying Schedule of Federal and Nonfederal Financial Activity is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Federal and Nonfederal Financial Activity are fairly stated in all material respects in relation to the basic financial statements as a whole.

SIGNED ORIGINAL ON FILE

Decatur, Illinois

February 6, 2024, except for our Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and the Report on the Schedule of Federal and Nonfederal Financial Activity, for which the date is January 18, 2024

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR'S RESULTS
For the Year Ended June 30, 2023

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of report the auditor issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 C.F.R. § 200.516(a)? Yes No

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Aid Cluster
84.425C, 84.425E, 84.425F, 84.425M	Higher Education Emergency Relief Fund
93.575, 93.596	Child Care and Development Fund (CCDF) Cluster

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as a low-risk auditee? Yes No

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT FINDINGS – GOVERNMENTAL AUDITING STANDARDS FINDINGS
For the Year Ended June 30, 2023

2023-001. **FINDING** (Inadequate internal controls over census data)

The Eastern 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 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.

We 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, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension 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 fiscal year 2021 to project pension and OPEB-related balances and activity at the plans during fiscal year 2022, which is incorporated into the University's fiscal year 2023 financial statements.

During testing, we 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, the 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 our previous cut-off testing of data transmitted by the University to SURS, we noted 2 instances of an inactive employee becoming active were

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CURRENT FINDINGS – GOVERNMENTAL AUDITING STANDARDS FINDINGS
For the Year Ended June 30, 2023

reported to SURS after the close of the fiscal year in which the event occurred. We also noted 4 instances whereby service credit was different by a total of 6.50 years. All of these instances have been previously reported, however still impacted the June 30, 2021 census data.

- During our testing of instructor eligibility testing, we noted 19 instructors were not reported as eligible to participate in SURS by the University. All of these instances have been previously reported, however still impacted the June 30, 2021 census data. SURS determined the total potential impact of this error was the instructors' service credit was off by a combined 41.5 years.

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our 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 2022.

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

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;

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CURRENT FINDINGS – GOVERNMENTAL AUDITING STANDARDS FINDINGS
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- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service’s substantial presence test and (2) became an employee on and after July 1, 1991.

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee’s total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, for CMS’ OPEB plan, we noted participation in OPEB is derivative of an employee’s eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

University officials indicated the base year reconciliation process was not established until Fiscal Year 2021, which is currently being performed by University staff. In addition, they indicated the late reported events were due to employees being paid one pay period after the occurrence of the reporting event. For example, a retirement that occurs on June 30, would still have one pay to be made in July. The timing of that payment would depend on whether the employee was a bi-weekly or monthly employee. Finally, they indicated the instructors were not reported to SURS due to the University utilizing a different reasonable and good faith interpretation of the Code’s eligibility requirements.

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. (Finding Code No. 2023-001, 2022-001, 2021-001, 2020-001)

RECOMMENDATION

We recommend the University continue to work with SURS to complete the base year reconciliation of fiscal year 2021 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

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT FINDINGS – *GOVERNMENTAL AUDITING STANDARDS* FINDINGS
For the Year Ended June 30, 2023

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

UNIVERSITY RESPONSE

The University accepts the recommendation. The University continues to work on the completion of the initial full reconciliation. The University will work to improve the reporting of all reportable events in accordance with the rules established by the Code and administrative rules.

EASTERN ILLINOIS UNIVERSITY
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT FINDINGS – GOVERNMENTAL AUDITING STANDARDS FINDINGS
For the Year Ended June 30, 2023

2023-002. **FINDING** (Weaknesses in preparation of year-end financial statements)

Eastern Illinois University's year-end financial reporting in accordance with generally accepted accounting principles (GAAP) contained inaccurate information.

The University did not have adequate controls over the completeness and accuracy of year-end financial reporting which resulted in errors in the GAAP basis financial statements and supporting schedules provided to us during our audit. The University did not perform a sufficient supervisory review of all amounts recorded in its financial statements and footnotes. Also, as a result of audit differences identified by us as well as additional corrections subsequently identified by the University, the University provided us with several revisions to its draft financial statements, with significant modifications, before providing its final draft revision on January 10, 2024.

We noted the following issues while testing the year-end financial reporting process, which were corrected by the University after we brought them to its attention:

- Restricted net position for the bond system was understated by \$3,308,576 and unrestricted net position was overstated by the same amount due to an adjustment made to the year ended June 30, 2022, financial statements but not carried forward to the current fiscal year.
- Tuition discounts for the MAP grant were understated by \$1,832,800, resulting in the overstatement of revenue and operating expenses by the same amount due to a calculation error.

We also identified several errors in the footnotes to the financial statements as well as the Management Discussion and Analysis section of the financial report. The University corrected each of these items accordingly.

The State Comptroller Act (Act) (15 ILCS 405/19.5) requires State agencies to report, on or before October 31 each year, all financial information as directed by the Comptroller in order to compile and publish an annual comprehensive financial report in accordance with GAAP.

The Government Finance Officer Association's *Internal Control Deficiencies in Audits* advocates that governments establish and document a system of financial reporting that is sufficient to provide reasonable assurance that management is able to prepare financial statements in conformity with generally accepted accounting principles. A good system of internal control requires that management review all significant accounts and balances recorded and disclosed in the financial statements for completeness and accuracy.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states management is responsible for establishing and maintaining a system, or systems, of internal fiscal and administrative controls to provide assurance that, among other things, 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.

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT FINDINGS – *GOVERNMENTAL AUDITING STANDARDS* FINDINGS
For the Year Ended June 30, 2023

University officials stated these issues were caused by human error and changing staff.

As a result of these errors, the University's financial statements were inaccurate and required corrections. Additionally, weaknesses in the design or operation of internal controls could adversely affect the University's ability to fulfill its responsibility to prepare accurate and timely financial statements and could also negatively impact the Statewide financial statements. (Finding Code No. 2023-002, 2022-002)

RECOMMENDATION

We recommend the University strengthen its internal controls to ensure financial statements are prepared in a complete and accurate manner and are subjected to an appropriate supervisory review. We also recommend the University's procedures address all elements of the University's financial reporting process.

UNIVERSITY RESPONSE

The University agrees with the auditor's recommendations and will work to strengthen the internal controls and supervisory reviews as the responsibility transitions between employees.

EASTERN ILLINOIS UNIVERSITY
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT FINDINGS – GOVERNMENTAL AUDITING STANDARDS FINDINGS
For the Year Ended June 30, 2023

2023-003. **FINDING** (Lack of adequate review of service providers' internal controls)

Eastern Illinois University (University) had not implemented adequate controls over its service providers.

We requested the University's population of service providers utilized during the audit period to determine if the University had reviewed the internal controls of its service providers. In response, the University provided a population; however, the population contained inaccuracies. Due to this condition, we concluded the University's population was not sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, AT-C § 205)

Even given the population limitations noted above, we performed testing of four service providers, noting:

- One (25%) service provider agreement did not contain the requirement to ensure security, integrity, availability, confidentiality, and privacy controls over the University's applications and data.
- Four (100%) service provider agreements did not contain a requirement for a System and Organization Control (SOC) report or an independent internal control review of the outsourced controls.
- The University could not provide a bridge letter which covered the entire fiscal year for two (50%) service providers.
- Specific University controls related to the Complementary User Entity Controls (CUEC) were not documented.

This finding was first noted during the fiscal year June 30, 2019, compliance attestation examination. In the subsequent years, the University has been unsuccessful in implementing a corrective action plan.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that 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.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their Information Technology environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

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For the Year Ended June 30, 2023

University management indicated that the inaccurate population listing was caused by a misunderstanding of what the definition of a service provider was under generally accepted auditing standards. Further, management indicated the testing issues noted above were due to a lack of responsiveness by service providers to University requests for information, and University policies and practices did not include all required control procedures and processes as a result of misunderstandings as described above.

Without having adequate controls over their service providers, the University does not have assurance the service providers' internal controls are adequate. (Finding Code No. 2023-003, 2022-004, 2021-004, 2020-007, 2019-008)

RECOMMENDATION

We recommend the University evaluate their population of service providers to ensure it is complete and accurate. We recommend the University ensure the agreements with service providers address the security, integrity, availability, confidentiality, and privacy controls over the University's applications and data. We also recommend the University include a requirement for a System and Organization Control (SOC) report or an independent internal control review of the outsourced controls. Finally, we recommend the University obtain bridge letters through the end of the engagement period, if the SOC report does not extend through the end of the engagement period.

UNIVERSITY RESPONSE

The University agrees with and continues to work toward compliance with the auditor's recommendations. As new agreements are renewed, the University seeks to include the recommended language. The University will continue to request bridge letters from service providers.

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass Through Grantor/Program/Grant Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Project or Pass-Through Number</u>	<u>FY23 Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Federal Perkins Loans, beginning loan balance</i>	84.038	*	\$ 3,942,315	\$ -
<i>Federal Direct Student Loans</i>	84.268	*	23,841,258	-
<i>Federal Work-Study Program</i>				
FY23	84.033	* P033A221143	248,310	-
			248,310	-
<i>Federal Pell Grant Program</i>				
FY21	84.063	* P063P200106	10	-
FY22	84.063	* P063P210106	536,058	-
FY23	84.063	* P063P220106	10,589,039	-
			11,125,107	-
<i>Federal Supplemental Educational Opportunity Grants</i>				
FY22	84.007	* P007A211143	5,034	-
FY23	84.007	* P007A221143	208,916	-
			213,950	-
<i>Teacher Education Assistance For College And Higher Education Grants</i>				
FY23	84.379	* P379T230106	142,627	-
			142,627	-
Total Student Financial Aid Cluster			39,513,567	-
U.S. DEPARTMENT OF EDUCATION				
<i>Higher Education Emergency Relief Fund Strengthening Institutions Program</i>	84.425M	* P425M200667	1,287	-
<i>Higher Education Emergency Relief Fund Strengthening Institutions Program</i>	84.425M	* P425M200667	871,665	-
<i>Higher Education Emergency Relief Fund Institutional Portion</i>	84.425F	* P425F200946	136,909	-
<i>Higher Education Emergency Relief Fund Institutional Portion</i>	84.425F	* P425F200946	3,389,482	-
Passed-Through the Illinois Board of Higher Education				
<i>Illinois Governor's Emergency Education Relief Fund (GEER)</i>	84.425C	* 21GEEREIU	262,044	-
Passed-Through the Illinois Board of Higher Education				
<i>Illinois Governor's Emergency Education Relief Fund (GEER)</i>	84.425C	* 601-GEE-2200-EIU	370,375	-
			5,031,762	-
Total Higher Education Emergency Relief Fund			5,031,762	-
RESEARCH AND DEVELOPMENT CLUSTER				
NATIONAL SCIENCE FOUNDATION				
<i>Mathematical and Physical Sciences</i>				
LEAPS-MPS: Peroxisome Targeting Chemical Technologies and Tools to Study Subcellular Chemistry	47.049	2213273	120,136	-
RUI Microsolvation	47.049	CHE 1664900	2,198	-
			122,334	-
TOTAL NATIONAL SCIENCE FOUNDATION			122,334	-
U.S. DEPARTMENT OF THE INTERIOR				
Passed-Through the Illinois Department of Natural Resources				
<i>Sport Fish Restoration Program</i>				
A Long-Term Monitoring Program of Fish Populations on the Wabash River	15.605	RC23F186R11	202,284	-
			202,284	-
Passed-Through the University of Illinois				
<i>Great Lakes Restoration</i>				
Assessment of Asian carp reproduction and ecosystem response in the Illinois Waterway	15.662	108367-18961	49,870	-
			49,870	-
Passed-Through Southern Illinois University				
<i>Great Lakes Restoration</i>				
Assessing and improving harvest as a control measure for bigheaded carp in the Wabash River Basin	15.608	23-04-226517	44,980	-
			44,980	-
Passed-Through Indiana Department of Natural Resources				
<i>Fish and Wildlife Management Assistance</i>				
Monitoring early life stages of invasive carps in the Wabash River to inform conrtect commerial population harvest	15.608	73151	2,625	-
			2,625	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR			299,759	-
Total Research and Development Cluster			422,093	-
TRIO CLUSTER				
U.S. DEPARTMENT OF EDUCATION				
<i>TRIO - Student Support Services</i>	84.042A	P042A201555-21	41,394	-
<i>TRIO - Student Support Services</i>	84.042A	P042A201555-22	203,031	-
Total TRIO Cluster			244,425	-

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

EASTERN ILLINOIS UNIVERSITY
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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Federal Grantor/Pass Through Grantor/Program/Grant Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Project or Pass-Through Number</u>	<u>FY23 Expenditures</u>	<u>Passed Through to Subrecipients</u>
CHILD CARE AND DEVELOPMENT FUND (CCDF) CLUSTER				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed-Through the Illinois Department of Human Services				
<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCRR CORE FY23)</i>	93.596	* FCSBI04630	362,183	-
<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCRR CCAP FY23)</i>	93.596	* FCSBI04630	268,493	-
<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCRR QRIS FY23)</i>	93.596	* FCSBI04630	78,737	-
<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCRR NAV FY23)</i>	93.596	* FCSBI04630	73,176	-
Passed-Through the Illinois Board of Higher Education				
<i>Child Care and Development Block Grant</i>				
Early Childhood Access Consortium for Equity Grant	93.575	* 601-ECC-2200-EIU	170,134	-
Total CCDF Cluster			<u>952,723</u>	<u>-</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed-Through the Illinois State Library				
<i>Grants to States</i>				
Bridging the Digital Divide to Support Workforce Development	45.310	22-7021-PAN	29,028	-
			<u>29,028</u>	<u>-</u>
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			<u>29,028</u>	<u>-</u>
OFFICE OF POSTSECONDARY EDUCATION				
<i>Fund for the Improvement of Postsecondary Education</i>				
EIU GYO Teacher Shortage Program for Rural and Small Urban Districts	84.116	P116Z220168	122,739	-
			<u>122,739</u>	<u>-</u>
TOTAL NATIONAL ENDOWMENT FOR THE ARTS			<u>122,739</u>	<u>-</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Passed-Through the Universities Space Research Association				
<i>Science</i>				
Detectability of Magmatic Intrusions within Sulfur-rich Sediments for Martian Mineralogical and in-situ Operational Analyses	43.001	02291-01	2,513	-
			<u>2,513</u>	<u>-</u>
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			<u>2,513</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed-Through the Illinois Department of Human Services				
<i>Block Grants for Preventions and Treatment of Substance Abuse</i>				
IDHS SRSAPS FY23	93.959	43CBZ03550	89,268	-
			<u>89,268</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>89,268</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 46,408,118</u>	<u>\$ -</u>

* Denotes Federal Major Program

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

EASTERN ILLINOIS UNIVERSITY

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal award programs of Eastern Illinois University for the year ended June 30, 2023. All federal awards received directly from federal agencies as well as federal awards passed through other government and nonprofit agencies are included on the Schedule.

This Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Eastern Illinois University.

Following is a legend of acronyms used in the Schedule of Expenditures of Federal Awards:

CCAP	Child Care Assistance Program
CCRR	Child Care Resource and Referral
GEER	Governor's Emergency Education Relief Fund
GYO	Grow Your Own
LEAPS-MPS	Launching Early-Career Academic Pathways in the Mathematical and Physical Sciences
QRIS	Quality Recognition and Improvement System
RUI	Research in Undergraduate Institutions
SRSAPS	State and Regional Substance Abuse Prevention Services

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. SUBRECIPIENTS

The University provided no sub-awards during the fiscal year ended June 30, 2023.

EASTERN ILLINOIS UNIVERSITY

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

4. STUDENT LOAN PROGRAMS

During the fiscal year ended June 30, 2023, the University issued new loans to students under the Federal Direct Student Loan Program. The loan amounts issued during the year are disclosed on the Schedule of Expenditures of Federal Awards. The University is responsible only for the performance of certain administrative duties with respect to federally-guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in the University's basic financial statements. It is not practicable to determine the balance of loans outstanding to students and former students of the University at June 30, 2023.

The University participated in the federal Perkins Loan Program during the year ended June 30, 2023. This loan program is directly administered by the University and is considered a revolving loan program, whereby collections received on past loans, including interest, is loaned out to current students. The beginning loan balance is included on the federal expenditures presented in the Schedule.

Under the current Perkins Loan Program, new Perkins loans cannot be disbursed after September 30, 2017. Borrowers who received a loan disbursement prior to October 1, 2017 for the 2017-2018 award year could still receive subsequent disbursements through June 30, 2018. No Perkins loan disbursements have been permitted after June 30, 2018 under any circumstances. The University is waiting for further guidance from the U.S. Department of Education.

Perkins Loan Program ALN #84.038

Outstanding loan balance, July 1, 2022	<u>\$ 3,942,315</u>
Decreases:	
Principal collected	286,825
Principal canceled	<u>23,580</u>
Total	<u>310,405</u>
Outstanding loan balance, June 30, 2023	<u>\$ 3,631,910</u>

There were no administrative costs charged to loan programs during fiscal year 2023.

EASTERN ILLINOIS UNIVERSITY

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

5. MAJOR PROGRAMS

The following federal program expenditures comprise major program expenditures under OMB Uniform Guidance for the year ended June 30, 2023:

Major program expenditures:	
Student Financial Aid Cluster	\$39,513,567
Higher Education Emergency Relief Fund Cluster	5,031,762
Child Care and Development Fund Cluster	952,723
Non-major program expenditures	<u>910,066</u>
Total federal expenditures	<u><u>\$46,408,118</u></u>

As part of the Student Financial Aid Program, Eastern Illinois University administers loan proceeds under the Perkins Loan Program and the William D. Ford Federal Direct Loan Program (as described in Note 4).

6. INDIRECT COST RATE

The University has elected not to use the ten-percent *de minimus* indirect cost rate allowed under the Uniform Guidance.

7. INSURANCE PAYMENTS

There was no federally-funded insurance in effect during the fiscal year ended June 30, 2023.

EASTERN ILLINOIS UNIVERSITY

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NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2023

8. FEDERAL DEPOSITORY LIBRARY PROGRAM

The University's Library serves as a depository library for the U.S. Government Publishing Office's Federal Depository Library Program. The University is the legal custodian of government publications received under this program, however, these publications remain the property of the federal government.

9. RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following is a reconciliation of total expenditures as reported on the accompanying Schedule of Expenditures of Federal Awards to the revenue items reported as federal and state grants and contracts on the Statement of Revenues, Expenses and Changes in Net Position included in Eastern Illinois University's financial statements.

Funds, derived from federal aid, gifts or grants, may be used only to meet expenditures for the purposes specifically identified by sponsoring agencies. The federal aid, gifts or grants are recognized as revenue in Eastern Illinois University's financial statements as expended.

Therefore, expenditures on the Schedule of Expenditures of Federal Awards agree with revenues on the Statement of Revenues, Expenses and Changes in Net Position, except as noted below:

Total expenditures as shown on the Schedule of Expenditures of Federal Awards	\$46,408,118
Add:	
Direct state grants/contracts	13,449,080
Subtract:	
Federal Perkins loan program – federal capital contributions included on the Schedule of Expenditures of Federal Awards not included in the financial statements (less administrative costs)	(3,942,315)
Direct loans included in the Schedule of Expenditures of Federal Awards not included in the financial statements	<u>(23,841,258)</u>
Total federal and state grants and contracts revenues shown on the Statement of Revenues, Expenses and Changes in Net Position	<u><u>\$32,073,625</u></u>

EASTERN ILLINOIS UNIVERSITY
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SCHEDULE OF FEDERAL AND NONFEDERAL FINANCIAL ACTIVITY
For the Year Ended June 30, 2023

(IN THOUSANDS)

The following schedules are used to determine the University's Single Audit costs in accordance with the Uniform Guidance (2 CFR § 200.425).

Schedule A: Federal Financial Component

Total federal expenditures	\$ 46,408
Total, Schedule A	<u>\$ 46,408</u>

Schedule B: Total Financial Component

Total operating expenses	\$ 156,930
Total nonoperating expenses	4,102
Federal loan balances:	
Perkins Loan Program	3,942
Total value of new federal loans:	
Federal Direct Loans	23,841
Other noncash federal award expenditures	-
Total, Schedule B	<u>\$ 188,815</u>

Schedule C: Computation of Nonfederal Expenses

Total, Schedule B	\$ 188,815	100.000%
Total, Schedule A	<u>46,408</u>	<u>24.579%</u>
Total nonfederal expenses	<u>\$ 142,407</u>	<u>75.421%</u>