

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
(In accordance with the Single Audit Act and
Applicable Federal Regulations)
For the Year Ended June 30, 2016**

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

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2016**

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**STATE OF ILLINOIS
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University Officials

Interim President (from October 1, 2016) President (to September 30, 2016)	Dr. Richard Helldobler Dr. Sharon Hahs
Acting Provost (from October 1, 2016) Provost (to September 30, 2016)	Dr. Victoria Roman-Lagunas Dr. Richard Helldobler
Vice President for Finance and Administration/Treasurer	Mr. Michael Pierick
Vice President for Student Affairs	Dr. Daniel Lopez, Jr.
Vice President for Institutional Advancement	Ms. Liesl Downey
Vice President for Legal Affairs	Ms. Melissa Reardon Henry
Assistant Vice President for Business Services	Mr. Craig Duetsch
Director of Financial Affairs/Controller	Ms. Fe Lenon
Director of Internal Audit (from March 1, 2016) (from January 1, 2016 to February 29, 2016) (to December 31, 2015)	Mr. Glen Gustafson Vacant Mr. Ronald Cierny, CPA
Executive Director - Office of University Budgets	Ms. Ann McNabb

University offices are located at:

5500 North St. Louis Avenue
Chicago, Illinois 60625

Office of the President5500 North St. Louis Avenue
Chicago, IL 60625-4699

phone: (773) 442-5400

March 17, 2017

E.C. Ortiz & Co., LLP
333 South Des Plaines Street, Suite 2-N
Chicago, Illinois 60661

Ladies and Gentlemen:

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 Northeastern Illinois University (University). 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 University's compliance with the following assertions during the year ended June 30, 2016. Based on this evaluation, we assert that during the year ended June 30, 2016, the University has materially complied with the assertions below.

- A. The University 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 University 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 University 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 University 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 University on behalf of the State or held in trust by the University have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate and in accordance with law.

Yours very truly,

Northeastern Illinois University**SIGNED ORIGINAL ON FILE**Dr. Richard Helldobler
Interim President**SIGNED ORIGINAL ON FILE**Michael Pierick
Vice President for Finance
and Administration/Treasurer**SIGNED ORIGINAL ON FILE**Melissa Reardon Henry
Vice President for Legal
Affairs

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2016**

COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

ACCOUNTANT'S REPORT

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

<u>Number of Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Repeated findings	17	14
Prior recommendations implemented or not repeated	10	9
	4	6

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (GOVERNMENT AUDITING STANDARDS)			
2016-001	18	Inadequate Controls over Recording of Bond Issuance Costs	Significant Deficiency/ Noncompliance
2016-002	20	Inadequate Controls over Monitoring of Deposits and Investments	Significant Deficiency/ Noncompliance
2016-003	22	Inadequate Controls over Allowance for Doubtful Accounts and Monitoring of Construction Projects	Significant Deficiency/ Noncompliance
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)			
2016-004	25	Awarding of Student Financial Aid	Significant Deficiency/ Noncompliance
2016-005	28	Untimely Return of Unearned Student Financial Aid	Significant Deficiency/ Noncompliance

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE), Continued			
2016-006	30	Inaccurate FISAP Reporting	Significant Deficiency/ Noncompliance
2016-007	32	Reporting to NSLDS	Significant Deficiency/ Noncompliance
FINDINGS (STATE COMPLIANCE)			
2016-008	34	Noncompliance with the Abused and Neglected Child Reporting Act	Significant Deficiency/ Noncompliance
2016-009	35	Noncompliance with the Campus Security Enhancement Act of 2008	Significant Deficiency/ Noncompliance
2016-010	37	Timesheets not Required and not Timely Completed and Approved	Significant Deficiency/ Noncompliance
2016-011	39	Inadequate Controls over University Property and Equipment	Significant Deficiency/ Noncompliance
2016-012	42	Noncompliance with the Fiscal Control and Internal Auditing Act	Significant Deficiency/ Noncompliance
2016-013	43	Required Reports not Filed Timely	Significant Deficiency/ Noncompliance
2016-014	45	Noncompliance with the Freedom and Information Act	Significant Deficiency/ Noncompliance
2016-015	46	Noncompliance with the Open Meetings Act	Significant Deficiency/ Noncompliance
2016-016	48	Disaster Contingency Plan Deficiencies	Significant Deficiency/ Noncompliance
2016-017	50	Noncompliance with Payment Card Industry Data Security Standards	Significant Deficiency/ Noncompliance

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued

<u>Item No.</u>	<u>Page</u>	<u>Description</u>	<u>Finding Type</u>
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In addition, the following findings, which are reported as current findings relating to *Government Auditing Standards* also meet the reporting requirement for State Compliance:

2016-001	18	Inadequate Controls over Recording of Bond Issuance Costs	Significant Deficiency/ Noncompliance
2016-002	20	Inadequate Controls over Monitoring of Deposits and Investments	Significant Deficiency/ Noncompliance
2016-003	22	Inadequate Controls over Allowance for Doubtful Accounts and Monitoring of Construction Projects	Significant Deficiency/ Noncompliance

PRIOR FINDINGS NOT REPEATED

A	52	Inadequate Journal Entry and Bank Reconciliation Controls
B	52	TRIO Reporting
C	52	Perkins Loan Past Due Notification
D	52	Submissions to Common Origination Disbursement System

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on March 15, 2017. Attending were:

Representing Northeastern Illinois University

Interim President
Vice President for Finance and Administration/Treasurer
Assistant Vice President for Business Services
Chief Accountant

Dr. Richard Helldobler
Mr. Michael Pierick
Mr. Craig Duetsch
Ms. Cristiana Ivan

**STATE OF ILLINOIS
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EXIT CONFERENCE, Continued

Representing E.C. Ortiz & Co., LLP

Partner
Audit Manager
Audit Senior

Ms. Gilda B. Priebe
Ms. Emily Causon
Ms. Nuthatai De Castro

Representing the Office of the Auditor General

Audit Manager

Mr. Jose Roa

Responses to the recommendations were provided by Michael Pierick, Vice President for Finance and Administration/Treasurer, in a letter dated March 17, 2017.



**INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE, ON
INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY
INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Northeastern Illinois University

Compliance

As Special Assistant Auditors for the Auditor General, we have examined Northeastern Illinois University's (University) compliance with the 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 year ended June 30, 2016. The management of the University is responsible for compliance with these requirements. Our responsibility is to express an opinion on the University's compliance based on our examination.

- A. The University 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 University 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 University 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 University 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 University on behalf of the State or held in trust by the University 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 as adopted by the Auditor General pursuant to the Act; and, accordingly, included examining, on a test basis, evidence about the University's compliance with those requirements listed in the first paragraph of this report and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the University's compliance with specified requirements.

In our opinion, the University complied, in all material respects, with the compliance requirements listed in the first paragraph of this report during the year ended June 30, 2016. However, the results of our procedures disclosed instances of noncompliance with the requirements, which are required to be reported in accordance with criteria established by the Audit Guide, issued by the Illinois Office of the Auditor General and which are described in the accompanying schedule of findings and questioned costs as items 2016-001 through 2016-003 and 2016-008 through 2016-017.

Internal Control

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements listed in the first paragraph of this report. In planning and performing our examination, we considered the University's internal control over compliance with the requirements listed in the first paragraph of this report to determine the examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Audit Guide, issued by the Illinois Office of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's 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 the requirements listed in the first paragraph of this report on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a requirement listed in the first paragraph of this report 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be

material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001 through 2016-003 and 2016-008 through 2016-017 that we consider to be significant deficiencies.

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

The University's responses to the findings identified in our examination are described in the accompanying schedule of findings and questioned costs. We did not examine the University's responses and, accordingly, we express no opinion on the responses.

Supplementary Information for State Compliance Purposes

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities and its discretely presented component unit as of and for the year ended June 30, 2016, and have issued our report thereon dated January 10, 2017, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors, who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 10, 2017. The accompanying supplementary information for the year ended June 30, 2016 in Schedules 1 through 16 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the University. 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. The accompanying supplementary information for the year ended June 30, 2016 in Schedules 1 through 10, and 13 through 16 has been subjected to the auditing procedures applied in the audit of 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 accompanying supplementary information for the year ended June 30, 2016 in Schedules 1 through 10, and 13 through 16 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2016.

Other auditors previously audited, in accordance with the auditing standards generally accepted in the United States of America, the University's basic financial statements as of and for the year ended June 30, 2015 (not presented herein). In their report dated January 12, 2016, they expressed unmodified opinions on the financial statements of the business-type activities. In their opinion, the June 30, 2015 Supplementary Information for State Compliance Purposes, except for the portion marked "unaudited" is fairly stated in all material respects in relation to the basic financial statements for the year ended June 30, 2015, taken as a whole.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, University management, Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SIGNED ORIGINAL ON FILE

Chicago, Illinois

March 17, 2017, except for our report on the Supplementary Information for State Compliance Purposes, as to which the date is January 10, 2017.



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

The Board of Trustees
Northeastern 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 of Northeastern Illinois University (University) and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated January 10, 2017. Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component unit, 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.

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) to determine the 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2016-001, 2016-002, and 2016-003 that we consider to be significant deficiencies.

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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Northeastern Illinois University's Responses to Findings

The University's responses to the findings identified in our audit are described in the accompanying schedule of findings. The University's responses were not subjected to the 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

Chicago, Illinois
January 10, 2017



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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Northeastern Illinois University

Report on Compliance for Each Major Federal Program

We have audited Northeastern Illinois University's (University) compliance with the types of compliance requirements described 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, 2016. 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.

The schedule of expenditures of federal awards and our audit described below does not include expenditures of federal awards for the agency determined to be a component unit of the University for financial statement purposes.

We did not audit the University's compliance with the requirements governing the repayments special tests and provisions compliance requirements in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the *OMB Compliance Supplement*. Those requirements govern functions performed by Heartland ECSI. Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. Heartland ECSI's compliance with the requirements governing the functions that it performs for the University for the year ended June 30, 2016 was examined by the accountants for the servicer in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institutions Servicers*. Our report does not include the results of the accountants' for the servicer examination of Heartland ECSI's compliance with such requirements.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each of Major Federal Program

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-004 through 2016-007. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying schedules of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Requirements governing the repayments special tests and provisions compliance requirements in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the *OMB Compliance Supplement* is performed by Heartland ECSI. Internal control over compliance related to such functions for the year ended June 30, 2016 was examined by the accountants for the servicer in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the accountants' for the servicer examination of Heartland ECSI's internal control over compliance related to such functions.

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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-004 through 2016-007 that we consider to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

We have audited the financial statements of the business-type activities of the University and its discretely presented component unit as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated January 10, 2017, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors, who audited the financial statements of the University's discretely presented component unit, as described in our report on the University's financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to January 10, 2017. 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 basic 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other 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 is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

SIGNED ORIGINAL ON FILE

Chicago, Illinois

March 17, 2017, except for our report on the Schedule of Expenditures and Federal Awards, as to which the date is January 10, 2017.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

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

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.268, 84.033, 84.038, 84.063, 84.379	Student Financial Assistance Cluster
84.044, 84.217, 84.047, 84.042	TRIO Cluster

Dollar threshold used to distinguish between type A and type B programs: \$1,820,719

Auditee qualified as low-risk auditee? Yes X No

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - Government Auditing Standards

2016-001. **FINDING** (Inadequate Controls over Recording of Bond Issuance Costs)

Northeastern Illinois University (University) has not established adequate internal controls over recording of bond issuance costs.

During Fiscal Year 2016, the University issued Certificates of Participation (COP) Series 2015 in the amount of \$9,510,000 as a result of refunding all the outstanding COP Series 2006. During testing, auditors noted the University incorrectly recorded a bond discount of \$201,582, composed of underwriters' discounts of \$152,332 and a bond insurance premium of \$49,250. The bond discount is presented as a reduction in COP Series 2015 in the University's originally submitted financial statements. The University also has recorded an amortization of the bond discount of \$20,158 during Fiscal Year 2016.

Further, in Fiscal Year 2015 when the University issued Revenue Bond Series 2014, the auditors noted that the University also incorrectly recorded a bond discount of \$300,020 for Revenue Bond Series 2014, composed of underwriters' discounts of \$266,570 and a bond insurance premium of \$33,450. The bond discount is presented as a reduction in Revenue Bond Series 2014 in the University's prior year financial statements. The University recorded an amortization of bond discount for Revenue Bond Series 2014 of \$7,501 and \$15,001 in Fiscal Years 2015 and 2016, respectively.

The auditors proposed audit adjustments to correct the matters described above. University management reviewed and accepted the proposed adjustments; however, the University recorded the entire unamortized amount of \$458,942 to expense during the current fiscal year since the adjustment to beginning net position and prepaid expenses was determined to be immaterial in relation to the financial statements.

Generally Accepted Accounting Principles (GAAP) for governmental entities is promulgated by the Governmental Accounting Standards Board (GASB). GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* paragraph 15, establishes that debt issuance costs, defined as all costs incurred to issue debt, including but not limited to insurance costs (net of rebates from the old debt, if any), financing costs (such as rating agency fees), and other related costs (such as printing, legal, administrative, and trustee expenses) should be recognized as an expense in the period incurred, except for any portion related to prepaid insurance costs. Prepaid insurance costs should be reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

**STATE OF ILLINOIS
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Current Findings - *Government Auditing Standards* (continued)

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University 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 preparation of accounts and reliable financial and statistical reports.

The University's Board of Trustees and management share the ultimate responsibility for the University's internal control over financial reporting. This responsibility should include an adequate system of review of the completeness and accuracy of the University's financial statements and disclosures to ensure the financial statements are presented in accordance with accounting principles generally accepted in the United State of America.

University management stated that current understaffing and subsequent re-arranging of staff duties caused the University to mistakenly misclassify the bond issuance costs.

Failure to maintain accounting records and present financial reports in accordance with accounting principles generally accepted in the United States of America may result in material misstatement of the financial statements. (Finding Code No. 2016-001)

RECOMMENDATION

We recommend the University implement procedures to ensure bond related costs are properly identified and recorded in the University's accounting records in order to facilitate accurate financial reporting.

UNIVERSITY'S RESPONSE

The University agrees with the recommendation and believes the oversight to be an isolated incident and will continue to implement procedures that are in place for adequate review of complete and accurate financial data.

**STATE OF ILLINOIS
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FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - *Government Auditing Standards* (continued)

2016-002. **FINDING** (Inadequate Controls over Monitoring of Deposits and Investments)

Northeastern Illinois University (University) did not have adequate controls over deposits and investments to comply with its investment policy.

The University utilizes several different banks for its various activities. As of June 30, 2016, the University has a total deposit of \$31,741,514 in one of its banks. The total bank deposits in excess of the \$250,000 Federal Deposit Insurance Corporation (FDIC) coverage amounted to \$31,491,514. During our review of the University's compliance with its investment policy, it was noted that the bank provided pledge collateral of U.S. Treasury Notes with a total market value of \$33,548,733 as of June 30, 2016 (106% of the total bank deposits in excess of FDIC coverage).

Further, we also noted the University did not perform a review of the adequacy of collateral coverage on a regular basis during the fiscal year.

Section IV of the University Statement of Investment Policy states that at all times in order to meet the objective of safety capital, the Treasurer will require deposits in excess of the federally insured amount to be collateralized to the extent of one hundred and ten percent (110%) and evidenced by an approved written agreement. It further requires the ratio of fair market value of collateral to the amount of funds secured shall be reviewed weekly and additional collateral will be requested when the ratio declines below the level required.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University 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 preparation of accounts and reliable financial and statistical reports.

The University's Board of Trustees and management share the ultimate responsibility for the University's internal control over financial reporting. This responsibility should include an adequate system of review of the completeness and accuracy of the University's financial statements and disclosures to ensure the financial statements are presented in accordance with accounting principles generally accepted in the United State of America.

**STATE OF ILLINOIS
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Current Findings - *Government Auditing Standards* (continued)

University management stated the condition noted was the result of an inconsistency between the University's investment policy of 110% collateralization for certain deposits (those above federally insured amount) and the actual compliance level required by the University's bank of 100%. Management stated that review of the adequacy of collateral coverage was not performed due to oversight.

Failure to obtain adequate collateral coverage and regular review of the adequacy of collateral coverage resulted in noncompliance with the University's investment policy. (Finding Code No. 2016-002)

RECOMMENDATION

We recommend the University establish and implement procedures to improve controls over monitoring of its deposits and investments to ensure compliance with University investment policy.

UNIVERSITY'S RESPONSE

The University agrees with the recommendation and is now in the process of reviewing and updating its investment policy and the collateral agreement with the bank to improve procedures in monitoring its deposits and investments and ensure compliance with policy.

**STATE OF ILLINOIS
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Current Findings - *Government Auditing Standards* (continued)

2016-003. **FINDING** (Inadequate Controls over Allowance for Doubtful Accounts and Monitoring of Construction Projects)

Northeastern Illinois University (University) did not establish an adequate process to evaluate the estimated allowance for doubtful accounts receivable and did not have adequate controls in place to monitor the completion of its construction projects.

In the performance of our auditing procedures, we noted the following:

- The University estimated the allowance for doubtful accounts of the student accounts receivable to be \$10,826,833 (60%) of the gross student accounts receivable balance of \$18,055,339 at June 30, 2016. The allowance for doubtful accounts was calculated by applying estimated percentages of allowance for doubtful accounts to the outstanding receivables based on aging categories. The University has not recently evaluated its process to determine the reasonableness of the estimated percentages and could not provide auditors with any substantive basis for the percentages used that were available for review. As such, we could not test the information used by management to develop the estimates.

University management stated that at one time the University established a 'baseline' allowance for different aging categories of student accounts, and has continued to use this baseline with slight variation. The condition noted occurred because the University has not recently completed an updated analysis to determine whether this baseline remains an accurate and reasonable representation of receipts to be collected.

- The University's capital assets as of June 30, 2016 included construction in progress (CIP) account totaling \$8,584,892. During our testing, there were 10 CIP projects as of June 30, 2016; however, the University could not provide the percentage of completion for three CIP projects totaling \$1,766,623. Although the University provided a listing of CIP projects with accumulated costs incurred as of June 30, 2016, the University could not provide the percentage of completion for said projects.

University management stated the inadequate tracking of construction in progress was the result of a vacancy position in the Director of Planning and Construction who is responsible for keeping a Project Execution Plan which tracked project status.

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Current Findings - *Government Auditing Standards* (continued)

According to Generally Accepted Accounting Principles (GAAP), the allowance for doubtful accounts should represent management's best estimate of the amount of receivables that will not be collected. The allowance for doubtful accounts is a significant estimate that requires proper analysis and evaluation of past and current events as well as assumptions used. Typically, organizations will perform a retrospective review to determine if the methodology used in developing the estimate compares to the actual results achieved in a subsequent period.

Good internal controls require costs incurred during construction of assets and percentage of completion of the project be monitored until such time as the project is determined to be completed for its intended use or to determine possible impairment.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system of internal fiscal and administrative controls to ensure resources 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 University's Board of Trustees and management share the ultimate responsibility for the University's internal control over financial reporting. This responsibility should include an adequate system of review of the completeness and accuracy of the University's financial statements and disclosure to ensure the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Failure to have a sound methodology to establishing the estimated percentages of the allowance for doubtful accounts and sufficient documentation to support the data used in determining and analyzing the estimated allowance increases the likelihood of material misstatement of the financial statements. Ongoing monitoring of construction projects will ensure accurate status of capital projects. (Finding Code No. 2016-003)

RECOMMENDATION

We recommend the University accumulate relevant, sufficient and reliable data for analysis and adjust its methodology for calculating the allowance for doubtful accounts, as necessary. The University should also perform a retrospective review of the estimate developed in the preceding year to determine if the estimate was reasonable based upon actual results in the subsequent period. We also recommend the University implement procedures to ensure CIP projects are properly and regularly monitored to facilitate accurate financial reporting.

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Current Findings - *Government Auditing Standards* (continued)

UNIVERSITY'S RESPONSE

The University agrees with the recommendations. The University will put in place procedures for a regular review and adjustments, if necessary, of its methodology for establishing percentages of allowance for doubtful accounts and will also look into improving its process with the facilities management office to monitor status of CIP projects.

**STATE OF ILLINOIS
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 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - Federal Compliance

2016-004. **FINDING** (Awarding of Student Financial Aid)

Federal Agency: Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Student Financial Assistance Cluster	84.268, 84.063, 84.038, 84.033, 84.007, 84.379	\$39,882,511

Questioned Costs: None

Northeastern Illinois University (University) did not have adequate controls in place over the awarding of student financial aid.

We tested a sample of 40 students receiving student financial aid. The sample was not intended to be, and was not, statistically valid sample. We noted the following:

- One student was paid \$877 in excess of the award amount for Federal Work-Study (FWS) program. The unmet need of this student allows only for an adjustment in award of \$138 and over award threshold of \$300. Thus, the University should have reimbursed the Department of Education for the excess expense and drawdown of \$439.

In addition, an adjustment to increase budget for this student was not properly recorded and the document supporting this adjustment was not scanned into the University’s Financial Aid system until noted by the auditors.

- For 7 students, the approval of the Financial Aid Director or Associate Director to adjust the cost of attendance to allow special conditions as stated in the University policies and procedures were not documented. In addition, the required Budget Adjustment Worksheet and documents supporting manual budget adjustments for these 7 students were not scanned into the University’s Financial Aid system. We also noted it is the practice of the University to allow verbal approval in making manual budget adjustments.

The Code of Federal Regulations (Code) (34 CFR Section 673.5(e)) states an institution may fund a student’s FWS employment with FWS funds only until the

**STATE OF ILLINOIS
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Current Findings - Federal Compliance (continued)

amount of the FWS award has been earned or until the student's financial need, as recalculated, is met. In addition, an institution may provide additional FWS funding to a student whose need has been met until that student's cumulative earnings from all need-based employment occurring subsequent to the time his or her financial need has been met exceed \$300.

Federal Student Aid Handbook (Chapter 3) states a student cannot be required to repay wages earned: the institution can only adjust FWS by reducing the hours a student can work in the future and thus the student's future earnings. Institutions can continue to employ the student, but the student cannot be paid from FWS funds. If the institution already adjusted all other federal aid and institutional aid, and there is still an overaward, the institution must reimburse the FWS program from the institution's funds.

The University Financial Aid Policies and Procedures on Budgets states manual budget adjustments require Director or Associate Director approval. The Budget Adjustment Worksheet is required along with the appropriate documentation and all should be imaged against the student's record in the Financial Aid system.

The Code (2 CFR Section 200.303) also requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure the amount of Title IV aid awarded to students is calculated accurately, with adequate approval and supporting documents.

University officials stated the two modules for Financial Aid and Human Resources do not interface accordingly to reflect student earnings to avert the over award of FWS expenditures. Earnings are tracked manually by the Student Employment Office. In regard to adjustments, Financial Aid Advisors at certain times did not follow University procedures and were not able to update or scan documentation into the University's Financial Aid system due to time constraints in accommodating student additional loan requests.

Failure to properly award student financial aid and provide accurate program reporting may jeopardize future federal funding. (Finding Code No. 2016-004, 2015-003, 2014-007, 2013-003, 12-3, 11-3, 10-4)

**STATE OF ILLINOIS
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - Federal Compliance (continued)

RECOMMENDATION

We recommend the University improve its procedures over the awarding of student financial aid to ensure awards are made accurately and approval of manual budget adjustments are adequately documented.

UNIVERSITY'S RESPONSE

The University agrees with this finding and has already completed an initial review of steps needed.

**STATE OF ILLINOIS
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 FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - Federal Compliance (continued)

2016-005. **FINDING** (Untimely Return of Unearned Student Financial Aid)

Federal Agency: Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Student Financial Assistance Cluster	84.268, 84.063, 84.038, 84.033, 84.007, 84.379	\$39,882,511

Questioned Costs: None

Northeastern Illinois University (University) did not timely return the unearned portion of the Title IV aid provided to all students who withdrew from the University resulting in noncompliance with federal regulations.

During our review of 40 students awarded with Title IV grants who withdrew from classes during the Academic Year 2015-2016, we noted the University failed to return funds totaling \$2,300 for two (5%) students within 45 days from the withdrawal date (3 to 5 days late). The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (Code) (34 CFR Section 668.22(j)) states an institution must return the amount of Title IV funds for which it is responsible as soon as possible but not later than 45 days after the date of the institution’s determination of a student’s withdrawal.

The Code (2 CFR Section 200.303) also requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statues, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure the amounts of Title IV funds are returned on a timely manner.

University officials stated this exception was due to an oversight in the calculation of the number of calendar days which included a scheduled break that began the day before the date of determination and extended through University closure.

Failure to return Title IV funds within the required timeline resulted in noncompliance with federal regulations and may jeopardize future federal funding. (Finding Code No. 2016-005, 2015-004, 2014-008, 2013-001, 12-1, 11-1, 10-5)

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Current Findings - Federal Compliance (continued)

RECOMMENDATION

We recommend the University strengthen its controls over processing of returns of Title IV funds to ensure these are made timely in compliance with federal regulations.

UNIVERSITY'S RESPONSE

The University agrees with this finding and has already completed an initial review of steps needed.

**STATE OF ILLINOIS
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 FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - Federal Compliance (continued)

2016-006. **FINDING** (Inaccurate FISAP Reporting)

Federal Agency: Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Student Financial Assistance Cluster - Federal Work Study	84.033	\$563,809

Questioned Costs: None

Northeastern Illinois University (University) inaccurately reported the community service requirement for the Federal Work Study program on the Fiscal Operations Report and Application to Participate (FISAP).

In our testing of the Academic Year 2015-2016 FISAP, we noted the University incorrectly reported the community service requirement in Part V, Section G, Lines 24 to 26, Information About FWS Students Employed in Community Service Activities. The information reported on FISAP did not include one award made for \$1,227. The University subsequently corrected this error in the revised FISAP.

In addition, we noted the University did not establish adequate controls to gather information supporting Part VI, Section A, Distribution of Program Recipients and Expenditures by Type of Student for Federal Work Study. The information reported by the University on FISAP to itemized wages by ranges is based on the estimated changes from prior year's FISAP.

The Code of Federal Regulations (Code) (34 CFR Section 675.19(b)(3)) requires an institution to submit a FISAP plus other information the Secretary requires. The institution shall ensure the information reported is accurate and shall submit it on the form and at the time specified by the Secretary.

The Code (2 CFR Section 200.303) also requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statues, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure the FISAP is accurately prepared.

**STATE OF ILLINOIS
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Current Findings - Federal Compliance (continued)

University officials stated between three departments collaborating in data collection for the FISAP, the update in Part V, Section G was missed. University officials also stated in Part VI, Section A of the FISAP, the University applied the estimated percentages to itemize the wages by ranges as required by the report due to interface issues between Banner modules. However, total wages are based on actual amount reconciled between the University's Student Employment Department and the Payroll Department.

Inaccurately reporting results on the FISAP may jeopardize future federal funding.
(Finding Code No. 2016-006, 2015-007)

RECOMMENDATION

We recommend the University strengthen its procedures to ensure accurate preparation and reporting of information on the FISAP.

UNIVERSITY'S RESPONSE

The University agrees with this finding and has already completed an initial review of steps needed.

**STATE OF ILLINOIS
 NORTHEASTERN ILLINOIS UNIVERSITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - Federal Compliance (continued)

2016-007. **FINDING** (Reporting to NSLDS)

Federal Agency: Department of Education

<u>Program Name</u>	<u>CFDA#</u>	<u>Program Expenditures</u>
Student Financial Assistance Cluster	84.268, 84.063, 84.038, 84.033, 84.007, 84.379	\$39,882,511

Questioned Costs: None

Northeastern Illinois University (University) did not correct and resubmit enrollment status information to the National Student Loan Data System (NSLDS) in a timely manner.

The University utilizes the National Student Clearinghouse (NSC) as a third-party provider in order to submit student information to the National Student Loan Data System (NSLDS). During our testing, we noted the Fiscal Year 2016 NSLDS rosters returned yielded error reports which were not all corrected or resubmitted within the required 10 days. The University did not have a process in place to determine if error records were corrected and returned by the NSC within the required timeline.

The Code of Federal Regulations (Code) (34 CFR Section 685.309(b)) requires state institutions to report enrollment information to the Secretary in a manner and format prescribed by the Secretary and within the timeframe prescribed by the Secretary. Pursuant to the Federal Student Aid Handbook published by the U.S. Department of Education (ED), a roster of file is returned containing records which do not pass the NSLDS enrollment reporting edits which must be corrected and resubmitted within 10 days. Furthermore, ED clarified in a Dear Colleague Letter dated April 14, 2014 (DCL ID: GEN-14-07), schools using third-party servicer must remember accurate and timely reporting to NSLDS is the school's responsibility and if a school's servicer NSLDS enrollment reporting is noncompliant, the school would be held responsible and subject to appropriate sanctions.

The Code (2 CFR Section 200.303) also requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
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Current Findings - Federal Compliance (continued)

award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure submission errors to NSLDS are corrected and resubmitted in a timely manner.

University officials stated the University did not implement a fully adequate mechanism to assure errors were corrected within 10 days.

The failure to provide accurate enrollment reporting status information in a timely manner may jeopardize future federal funding. (Finding Code No. 2016-007, 2015-008)

RECOMMENDATION

We recommend the University review its current procedures to ensure accurate enrollment status information is reported to the NSLDS in a timely manner.

UNIVERSITY'S RESPONSE

The University agrees with this finding and has already completed an initial review of steps needed.

**STATE OF ILLINOIS
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Current Findings - State Compliance

2016-008. **FINDING** (Noncompliance with the Abused and Neglected Child Reporting Act)

Northeastern Illinois University (University) did not have adequate policies in place to obtain and retain signed statements to acknowledge that employees understand the reporting requirements under the Abused and Neglected Child Reporting Act (Act).

During our testing of 25 employees of the University, we noted three (12%) new employees did not have a signed form or proof of a completed training.

The Act (325 ILCS 5/4) requires personnel employed by institutions of higher education on and after July 1, 1986 to sign a statement on a form prescribed by the Illinois Department of Children and Family Services, to the effect that the employee has knowledge and understanding of the reporting requirements of this Act. The statement shall be signed prior to commencement of the employment. The signed statement shall be retained by the employer.

University officials stated the University utilizes its new employee orientation sessions to review the requirements of the Act. In Fiscal Year 2016, many orientation sessions were cancelled for new hires due to inadequate staffing levels to hold the sessions. In addition, the position in the Office of Human Resources which was responsible for follow-up on compliance with the Act was eliminated.

Failure to obtain signed statements from employees acknowledging their understanding of the reporting requirements for child abuse and neglect may result in a lack of employee awareness of their responsibilities and results in noncompliance with the Act. (Finding Code No. 2016-008, 2015-009, 2014-010, 2013-013)

RECOMMENDATION

We recommend the University designate sufficient personnel and review its internal policies and procedures regarding the timely completion of signed statements on abused and neglected child reporting and ensure signed statements are on file.

UNIVERSITY'S RESPONSE

The University agrees with this finding. While designating additional personnel is not likely without sufficient funding from the State, the University will review processes to assure the Act is followed in cases where orientations are cancelled.

**STATE OF ILLINOIS
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Current Findings - State Compliance (continued)

2016-009. **FINDING** (Noncompliance with the Campus Security Enhancement Act of 2008)

Northeastern Illinois University (University) did not have adequate controls in place for required background checks to be conducted prior to employment for those employees listed in security sensitive positions.

We selected 25 employees in security sensitive positions for testing and noted background checks were not completed for seven (28%) employees. In addition, background checks were not completed prior to employment for five (20%) employees (five to 60 days late).

The Campus Security Enhancement Act of 2008 (Act) (110 ILCS 12/5) states “Each public institution of higher education shall, through written policy and procedures, identify security sensitive positions and make provision for the completion of criminal background investigations prior to employing individuals in those positions.”

University procedures states the University conducts background checks on employees and employment candidates, including administrative and professional staff, civil service staff, and faculty to ensure a safe work environment and to protect the assets of the University. It further states the Office of Human Resources will review the results of the Criminal History Search and Sex Offender Registry checks for all positions before the official offer of employment is extended.

University officials stated a new Background Check Policy was implemented effective January 2015. Once the new policy was implemented, the University did not go back and require checks on employees who previously were required to get checks under the old policy.

The lack of completion of the required criminal background investigations prior to employment of individuals in security-sensitive positions could result in the endangerment of University students and personnel and results in noncompliance with the Act. (Finding Code No. 2016-009, 2015-010, 2014-011, 2013-012)

RECOMMENDATION

We recommend the University continue to review and monitor its internal policies and procedures regarding the timely completion of background checks and complete

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Current Findings - State Compliance (continued)

all required background checks in accordance with the Statute. Furthermore, we recommend the University obtain background checks for all active employees who had not received one previously.

UNIVERSITY'S RESPONSE

The University agrees with this finding and has already completed initial steps needed to complete required background checks.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

2016-010. **FINDING** (Timesheets not Required and not Timely Completed and Approved)

Northeastern Illinois University (University) did not require all employees to submit timesheets as required by the State Officials and Employees Ethics Act (Act) and timesheets were not timely completed and approved.

During our review of timesheets for 25 employees during the fiscal year, we noted the following:

- Eight (32%) employees did not submit timesheets for the pay periods tested. Five of the eight employees were instructors who used “exception” timekeeping whereby the employee is assumed to be working unless noted otherwise. Two of the eight were graduate assistants who received stipend from the University and one of the eight was a teaching professional who is required to submit timesheet but did not.
- Timesheets submitted by six employees for pay periods tested were not timely completed and approved by supervisor or unit head.

University procedures did not require time reporting documenting the time spent each day on official State business to the nearest quarter hour to be submitted for full-time instructors, part-time instructors, adjunct faculty, and graduate assistants. The employees documenting time to the nearest quarter hour are administrative and professional, tenure/tenure-track faculty, civil service, miscellaneous hourly, student aide, work study, and resource professionals.

The Act requires the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) states, “The policies shall require State employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour; contractual State employees may satisfy the time sheets requirement by complying with the terms of their contract, which shall provide for means of compliance with this requirement.” The IBHE adopted personnel policies for public universities on February 3, 2004 in accordance with the Act. The University has not incorporated these policies into the University’s policies.

In addition, University procedures require each employee’s timesheet be approved by his or her supervisor and/or unit head prior to payroll processing by the Office of Human Resources.

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NORTHEASTERN ILLINOIS UNIVERSITY
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FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

University officials stated the University does not require timesheets for adjuncts and instructors since they are provided either one or two semester contracts solely to teach classes and are paid per class for their teaching. Graduate assistants support faculty with instructional or academic research responsibilities. In turn, graduate assistants are provided stipends to defer the cost of their education and are not being paid directly for service provided, thus are not required to submit timesheets. University officials also stated the instances of the one missing timesheet from a teaching professional and six late timesheets from employees were due to oversight of employees and their supervisors to follow University procedures.

By not requiring positive time reporting from all its employees, the University is not in compliance with the Act. In addition, timesheets not being approved as required by University procedures may result in inaccurate time records and overpayment of payroll. (Finding Code No. 2016-010, 2015-011, 2014-013, 2013-010, 12-11, 11-9, 10-8, 09-9, 08-6, 07-6, 06-5, 05-4)

RECOMMENDATION

We recommend the University amend its policies and revise its procedures to ensure all employees submit timesheets documenting the time spent each day on official State business to the nearest quarter hour. In addition, the University should adhere to its procedures of approving employees' timesheets.

UNIVERSITY'S RESPONSE

The University does not agree that Grad Assistants should complete timesheets, as they are not employees. The work that Grad Assistants provide is part of their education. The University uses the payroll system simply as a mechanism to issue stipends. The University will determine if an alternative payment mechanism could be used.

The University agrees to review the status of Instructors and the determination that timesheets are required for this group.

The University agrees with the recommendation to assure that timesheets are submitted in a timely manner for employees required to complete timesheets.

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FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

2016-011. **FINDING** (Inadequate Controls over University Property and Equipment)

Northeastern Illinois University (University) did not have adequate controls over its property and equipment.

In our physical identification of 20 items in the property records, we noted the following:

- Five (25%) equipment items with a total value of \$9,268 were not found. These items consisted of an amplifier, a projector, a laptop, a camera monitor magnifier, and a laboratory instrument. The University did not file a missing asset investigation notice for these items.
- The laboratory instrument above is part of the 73 laboratory instruments totaling \$39,968 sent by the University to a third party recycling unit in 2011 without the approval of Central Management Services (CMS). The 73 laboratory instruments are no longer with the University but are still included in the property records pending approval of deletion from CMS.

During our tracing of 20 items physically identified to the property records as of June 30, 2016, we noted the following:

- Four (20%) equipment items with a total value of \$5,065 were not included in the property listing of the University. These items consisted of a cabinet, a CPU, an exercise equipment, and a laboratory instrument.
- A CPU (5%) with a value of \$3,690 was identified as obsolete.

The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for supervision, control and inventory of all property under their jurisdiction.

CMS Property Control Rules (44 Illinois Administrative Code, Section 5010.400: *Equipment Inventory Recording*) requires agencies to adjust property records within 30 days of acquisition, change, or deletion of equipment items.

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Current Findings - State Compliance (continued)

The Statewide Accounting Management System (SAMS) (Procedure 29.10.10) requires agencies to maintain detailed property records and update property records as necessary to reflect the current balance of State property. Such detail records are to be organized by major asset category and include the following information for each asset: (1) cost (or other value); (2) function and activity; (3) reference to acquisition source document; (4) acquisition date and date placed in service; (5) name and address of vendor; (6) short description of asset; (7) organization unit charged with custody; (8) location; (9) fund and account from which the item was purchased; (10) method of acquisition; (11) estimated useful life; (12) estimated salvage value; (13) date, method and authorization of disposition; (14) tag number; (15) accumulated depreciation; (16) depreciation method; (17) depreciation convention; and (18) insured value (if applicable).

The CMS Property Control Rules (44 Illinois Administrative Code, Section 5010.310: *Transaction Codes*) require all deletions from agency property records (except transferred-within assigned agency and transferred-outside of agency) be approved by the Property Control Division prior to completing the transaction.

University procedures require all property transactions be processed on a Property Control Change Notice. Property transactions include the following: (a) donations, (b) interdepartmental transfers, (c) trade-ins, (d) obsolete, broken or unserviceable equipment pick-up, (e) lost or stolen property, and (f) location changes. It further requires the completed form, processed by the fiscal agent initialing the change, to be submitted to the University's Property Control Department.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls, to provide assurance resources are utilized efficiently, effectively, and in compliance with applicable law; funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; 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.

University officials stated the conditions noted were a result of human error, property control procedures not consistently being followed, and the ease of mobility of property.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

Inadequate controls over University property and equipment results in inaccurate and incomplete property records. It could also result in incorrect accounting information and could cause unnecessary equipment expenditures and inaccurate financial reporting. Loss of University property and equipment may not be detected timely or remain undetected without an accurate property inventory listing and/or strict compliance with University property control procedures. (Finding Code No. 2016-011, 2015-012, 2014-014)

RECOMMENDATION

We recommend the University adhere to its procedures to ensure property and equipment records are accurately maintained and updated with proper approval.

UNIVERSITY'S RESPONSE

The University agrees with this finding and will be developing necessary controls.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

2016-012. **FINDING** (Noncompliance with the Fiscal Control and Internal Auditing Act)

Northeastern Illinois University (University) did not fully comply with the Fiscal Control and Internal Auditing Act (FCIAA).

During testing, auditors noted the University performed only two internal audit reviews during Fiscal Year 2016 as outlined in the University's Fiscal Years 2016 and 2017 Internal Audit Plan. The internal auditor conducted the annual FCIAA reviews and the annual GAAP audit required by the Financial Reporting Standards Board Act. However, there were no audits performed relating to the major systems of internal accounting and administrative control as required.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/2003) requires the internal auditing program to include audits of major system of internal accounting and administrative control conducted on a periodic basis so all major systems are reviewed at least once every two years.

University officials stated the University's internal auditor retired on December 31, 2015 and did not perform any audits of major systems of internal accounting and administrative control from July 1, 2015 to his retirement date. The University hired a new internal auditor on March 1, 2016, and for the last four months of the fiscal year his focus was on State required audits that are not included in the audits of major system of internal accounting and administrative control.

The major areas of internal control must be audited timely to maintain an effective internal control system. Failure to perform regular audits of major systems of accounting and administrative controls and review of the design of major new electronic data processing systems and major modifications of those systems before their installation may result in weakness in internal control not being timely detected. (Finding Code No. 2016-012)

RECOMMENDATION

We recommend the University ensure compliance with the requirements of the FCIAA in planning and performing the University's internal control.

UNIVERSITY'S RESPONSE

The University agrees with this finding and will be developing necessary processes to assure audits are completed.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

2016-013. **FINDING** (Required Reports not Filed Timely)

Northeastern Illinois University (University) did not timely file statutorily required reports.

During testing, the following exceptions were noted:

- The University did not timely submit its Agency Workforce Report for Fiscal Year 2015 with the Office of the Governor. The Agency Workforce Report is due by January 1 each year. The Fiscal Year 2015 Agency Workforce Report was subsequently submitted to the Office of the Governor on June 22, 2016, 173 days late.

During the prior examination, one of the employees tested was not properly included in the correct salary bracket in the University's Fiscal Year 2014 Agency Workforce Report. The University failed to submit the corrected 2014 Report within 30 days after release of the audit by the Auditor General as required by the Illinois State Auditing Act.

The State Employment Records Act (5 ILCS 410/20) requires State agencies to collect, classify, maintain, and report all information required by this Act on a fiscal year basis. Agencies must file, as public information by January 1, annually, a copy of all reports required by this Act with the Office of the Secretary of State, and submit an annual report to the Governor.

The Illinois State Auditing Act (30 ILCS 5/3-2.2) requires a State agency that has materially failed to comply with the requirements of the State Employment Records Act, within 30 days after release of the audit by the Auditor General, prepare and file with the Governor and the Office of the Secretary of State corrected reports covering the periods affected by the noncompliance.

- The University did not timely submit the Travel Headquarters Report (TA-2 Report) for the period July 1, 2015 through December 31, 2015 with the Legislative Audit Commission (LAC). The TA-2 Report was submitted to the LAC on March 7, 2016, 52 days late.

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Current Findings - State Compliance (continued)

The State Finance Act (30 ILCS 105/12-3) requires each State agency to file Travel Headquarters reports with the Legislative Audit Commission no later than each July 15 for the period from January 1 through June 30 of that year and no later than each January 15 for the period from July 1 through December 31 of the preceding year.

- There were two vehicle accidents involving State vehicles reported for Fiscal Year 2016. Both (100%) vehicle accident reports were not submitted timely to Central Management Services (CMS) (one and 180 days late).

The Illinois Administrative Code (Code) (44 Ill. Admin. Code 5040.520) requires vehicle accidents to be reported to law enforcement, the CMS Auto Liability Unit, and the agency on the vehicle accident form within seven calendar days or the driver and agency risk forfeiture of coverage under the State's auto liability plan.

University officials stated processes are in place to manage the timely submission of reports and schedules. The Agency Workforce Report and accident reports were submitted late due to staff oversight. The Travel Headquarters Report was submitted late due to staff turnover.

Failure to timely submit statutorily required reports prevents the appropriate oversight authorities from receiving relevant feedback and monitoring of programs and can have an effect on future decisions since information was not available. In addition, failure to timely complete and submit accident reports risks forfeiture of coverage under the Self-Insured Motor Vehicle Liability Plan. (Finding Code No. 2016-013)

RECOMMENDATION

We recommend the University strengthen its controls over submission of required reports by ensuring reports are filed in a timely manner. We also recommend the University designate and train sufficient staff and backup staff to assume responsibilities in case of turnover.

UNIVERSITY'S RESPONSE

The University agrees with this finding and will be developing necessary controls to assure that the Agency Workforce Report and Travel Headquarters Report are submitted as required.

**STATE OF ILLINOIS
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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

2016-014. **FINDING** (Noncompliance with the Freedom of Information Act)

Northeastern Illinois University (University) did not fully comply with the Freedom of Information Act.

During our sample testing of five requests for records under the Freedom of Information Act received by the University during Fiscal Year 2016, the University did not respond to one (20%) request within 5 business days after the request date (9 business days late).

In addition, we also noted the University's Freedom of Information Officer did not complete the annual training for Fiscal Year 2016.

The Freedom of Information Act (Act) (5 ILCS 140/3(d)) requires the University to either comply with or deny a request for public records within 5 business days after its receipt of the request, unless the time for response is properly extended.

The Act (5 ILCS 140/3.5(b)) requires the designated Freedom of Information officers to successfully complete an electronic training curriculum developed by the Public Access Counselor annually.

University officials stated the conditions noted were due to a procedural breakdown and oversight in managing the training calendar.

Failure to provide records or responses to the requesters within the required timeline set by the Act results in noncompliance with the Act. By not completing the Public Access Counselor's training curriculum annually, the University may not be aware of the current requirements of the Act. (Finding Code No. 2016-014)

RECOMMENDATION

We recommend the University review its internal policies and procedures regarding the timely response to requests received under the Act and ensure the Freedom of Information Officer annually completes the electronic training curriculum developed and administered by the Public Access Counselor.

UNIVERSITY'S RESPONSE

The University agrees with this finding and has already completed initial steps needed to assure compliance.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

2016-015. **FINDING** (Noncompliance with the Open Meetings Act)

Northeastern Illinois University (University) did not fully comply with the requirements of the Open Meetings Act on Public Access Counselor's training.

In our testing of the University's compliance with statutory mandates related to the Public Access Counselor's training during Fiscal Year 2016, we noted the following:

- The University did not submit a list of designated employees, officers, or members to the Attorney General's Public Access Counselor. The University subsequently submitted the list in January 2017 after being noted during the audit.
- Nine members of the Board of Trustee have not completed the electronic training curriculum developed and administered by the Public Access Counselor.
- The two designated officers of the University did not complete the Fiscal Year 2016 annual training on compliance with the Open Meetings Act. One designated officer subsequently completed the annual training in August 2016 after being made aware of the requirement during the audit.

The Open Meetings Act (Act) (5 ILCS 120/1.05(a)) states the University shall submit a list of designated employees, officers, or members to receive training on compliance to the Public Access Counselor. The designated employees, officers, and members must successfully complete an electronic training curriculum developed and administered by the Public Access Counselor within 6 months after the effective date of this amendatory Act of the 96th General Assembly, and thereafter must successfully complete an annual training program. An additional designated employee, officer, or member must successfully complete the training within 30 days after designation.

The Act (5 ILCS 120/1.05(b)) states each elected or appointed member of the University's Board of Trustees (BOT) who is a member on the effective date of this amendatory Act of the 97th General Assembly must successfully complete the electronic training curriculum developed and administered by the Public Access Counselor within one year after the effective date. Each elected or appointed member of the BOT who becomes such a member after the effective date of this amendatory

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FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

Act shall successfully complete the training within 90 days of taking the oath of office (if required) or otherwise assuming the responsibilities of a member of the BOT. Each member shall file a copy of the certificate of completion with the University.

University officials stated the conditions noted above were due to administrative oversight.

Failure to complete the Public Access Counselor's training results in noncompliance with the Act. (Finding Code No. 2016-015)

RECOMMENDATION

We recommend the University establish policies and procedures to ensure the members of the Board of Trustees complete the electronic training curriculum developed and administered by the Public Access Counselor within the timeline set by the Act and file the certificate of completion with the University. We also recommend the designated officers to complete the training on compliance with the Open Meetings Act annually.

UNIVERSITY'S RESPONSE

The University agrees with this finding and has already completed initial steps needed to assure compliance.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

2016-016. **FINDING** (Disaster Contingency Plan Deficiencies)

Northeastern Illinois University (University) did not adequately update its disaster recovery plan and formal recovery testing.

Based on our review of University procedures and inquiry of University personnel, we noted computer system backups were being performed by University personnel and stored at a site separate from the computing facility. However, the University does not have an updated disaster recovery plan. The current plan has been in draft form since 2010. A disaster recovery team was formed which tested the recovery capabilities on one server and some databases during the fiscal year. However, this testing was not comprehensive and the results were not documented.

Information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorse the formal development and testing of disaster recovery plans. [Tests of disaster recovery plans (and the associated documentation of the test results) verify the plan, procedures, and resources needed to provide the capability to recover critical systems within the required timeframe.]

University officials stated a lack of staff capacity continues to impede progress on completion of the disaster contingency project.

Without an adequately developed and tested contingency plan, the University cannot ensure its critical systems could be recovered within an acceptable period and minimize the impact associated with a disaster.

Failure to adequately update and test the disaster recovery plans leaves the University exposed to the possibility of major disruptions of services. A comprehensive test of the plan across all platforms utilized will assist management in identifying weaknesses to ensure recovery procedures are adequate in the event of a disaster. Continuous reviews and tests of plans would help management ensure the plans are appropriately modified as the University's computing environment and disaster recovery needs change. (Finding Code No. 2016- 016, 2015-013, 2014-015, 2013-014)

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

RECOMMENDATION

We recommend the University continue to review and update its disaster recovery plan at least annually or when significant changes occur. The University should also perform and document tests of the plan at least once a year. In addition, the plan should be continuously updated to reflect environmental changes and improvements identified from tests.

UNIVERSITY'S RESPONSE

The University agrees with this finding. However, the University's ability to fully address the recommendation is contingent on appropriate funding from the State.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

2016-017. **FINDING** (Noncompliance with Payment Card Industry Data Security Standards)

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

The University accepted credit card payments for tuition and fees through its website, student union, box office, parking office, outside parking meters, and U-pass. During Fiscal Year 2016, the University processed approximately 30,000 credit card transactions totaling approximately \$23.2 million.

In our review of the University's compliance with PCI DSS, we noted the University had not:

- Formally assessed its program regarding the acceptance of credit card payments, the method in which payments could be made, matched those methods to the appropriate Self-Assessment Questionnaire (SAQ), and contacted service providers to obtain relevant information and appropriate guidance.
- Completed a SAQ addressing all elements of its environment utilized to store, process, and transmit cardholder data.

PCI DSS was developed to detail security requirements for entities that store, process or transmit cardholder data. Cardholder data is any personally identifiable data associated with a cardholder.

To assist merchants in the assessments of their environment, the PCI Council established SAQs for validating compliance with PCI's core requirements. At a minimum, PCI DSS required completion of SAQ A; which highlights specific requirements to restrict access to paper and electronic media containing cardholder data, destruction of such media when it is no longer needed, and requirements for managing service providers. As additional elements, such as face-to-face acceptance of credit cards and point-of-sale solutions, are utilized, additional PCI DSS requirements apply.

University officials stated the University has not conducted any SAQ Assessments this year due to lack of resources within current staff, as well as lack of funding for external assistance due to ongoing University and State budget issues.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Current Findings - State Compliance (continued)

The University has the responsibility to ensure computer systems and cardholder data are protected from accidental or unauthorized disclosure. The lack of validation of proper controls increases the risk of unauthorized disclosure of cardholder data. (Finding Code No. 2016-017, 2015-014)

RECOMMENDATION

We recommend the University:

- Complete a formal assessment of its program regarding the acceptance of credit card payments, the methods in which payments could be made, match those methods to the appropriate SAQ, and contact service providers to obtain relevant information and appropriate guidance.
- Complete a SAQ addressing all elements of its environment utilized to store, process, and transmit cardholder data.

UNIVERSITY'S RESPONSE

The University agrees with this finding. However, the University's ability to fully address the recommendation is contingent on appropriate funding from the State.

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NORTHEASTERN ILLINOIS UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Prior Findings Not Repeated

A. **FINDING** (Inadequate Journal Entry and Bank Reconciliation Controls)

During the prior period, Northeastern Illinois University (University) did not have adequate internal controls over the review and approval of journal entries and bank reconciliations.

During the current period, our sample testing disclosed journal entries were reviewed and approved by another individual prior to entry into the University's accounting system and bank reconciliations were reviewed and approved by a person independent of the preparer in a timely manner. (Finding Code No. 2015-001)

B. **FINDING** (TRIO Reporting)

During the prior examination period, the University did not accurately report on the participants of the TRIO program cluster in the program's annual performance report.

During the current examination period, our testing disclosed the University properly reported the participants' information on the annual performance report. (Finding Code No. 2015-002, 2014-005, 2013-007)

C. **FINDING** (Perkins Loan Past Due Notification)

During the prior examination period, the University did not mail out Perkins loan past due notices to students in a timely manner. The University did not notify two students of their delinquency within the required time frame.

During the current examination period, our sample testing disclosed required notifications to students were made by the University in compliance with federal regulations. (Finding Code No. 2015-005, 2014-009)

D. **FINDING** (Submissions to Common Origination Disbursement System)

During the prior examination period, the University did not submit all Pell Grant and Direct Loan disbursement records to the Common Origination Disbursement (COD) System within federally required timeframes. It was noted the reporting to the COD System was not made within 15 calendar days of the disbursement.

During the current examination period, our sample testing disclosed submission of Pell Grant and Direct Loan disbursements records to the COD System were made by the University within federally required timeframes. (Finding Code No. 2015-006)

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COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2016**

SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES

Summary

Supplementary Information for State Compliance Purposes presented in this section of the report includes the following:

- Fiscal Schedules and Analysis:
 - Schedule of Expenditures of Federal Awards
 - Notes to the Schedule of Expenditures of Federal Awards
 - Schedule of Net Appropriations, Expenditures, Lapsed Balances and Balances Reappropriated
 - Comparative Schedule of Net Appropriations, Expenditures, Lapsed Balances and Balances Reappropriated
 - Comparative Schedule of Income Fund Revenues and Expenditures
 - Schedule of Changes in Capital Assets
 - Analysis of Significant Variations in Expenses
 - Analysis of Significant Variations in Revenues
 - Analysis of Significant Lapse Period Spending
 - Analysis of Significant Account Balances
 - Summary of Indirect Cost Reimbursement Funds
 - Schedule of Indirect Cost Funds to be Deposited into the University Income Fund as Required by 1982 University Guidelines (Amended 1997) (Unaudited)
 - Schedule of Excess Funds Calculation by Entity as Required by 1982 University Guidelines (Amended 1997) (Unaudited)
 - Description of Accounting Entities
 - Balance Sheets - Other Entities and Auxiliary Enterprises
 - Schedules of Revenues, Expenditures and Changes in Fund Balances - Other Entities and Auxiliary Enterprises
 - Schedule of Federal Expenditures, Nonfederal Expenses and New Loans
- Analysis of Operations (Unaudited):
 - University Functions and Planning Program (Unaudited)
 - Budget Impasse Disclosures (Unaudited)
 - Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Unaudited)
 - Interest Costs on Fiscal Year 2016 Invoices (Unaudited)
 - University Enrollment and Employees Information (Unaudited)
 - Selected Service Efforts and Accomplishments (Unaudited)
 - University Bookstore Information (Unaudited)

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NORTHEASTERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION
FOR THE YEAR ENDED JUNE 30, 2016**

**SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES,
CONTINUED**

Summary, Continued

- Analysis of Operations (Unaudited) (continued):
 - Special Data Requirements for Audits of Universities (Unaudited):
 - University Reporting in Accordance with University Guidelines (Unaudited)
 - Schedule of Tuition and Fee Waivers (Unaudited)
 - Summary of Foundation Payments to the University (Unaudited)
 - Schedule of Real Estate Acquisitions in Excess of \$250,000 (Unaudited)

The accountant's report that covers the Supplementary Information for State Compliance Purposes, Schedules 1 through 10, and 13 through 16, presented in the Compliance Report Section states that it has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in the auditor's opinion, it is fairly stated in all material respects, in relation to the basic financial statements as a whole from which it has been derived. The accountant's report also states the Analysis of Operations Section and Schedules 11 and 12, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, they do not express an opinion or provide any assurance on them.

STATE OF ILLINOIS
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FISCAL SCHEDULES AND ANALYSIS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor Program/Grant Title	Federal CFDA Number	Passed-Through Number	Federal Expenditures	Passed-Through to Subrecipients
MAJOR PROGRAMS:				
Department of Education				
Student Financial Assistance Cluster				
Federal Supplemental Educational Opportunity Grants	84.007		\$ 372,816	-
Federal Direct Student Loans	84.268		21,301,882	-
Federal Work-Study Program	84.033		563,809	-
Federal Perkins Loan Program	84.038		1,816,496	-
Federal Pell Grant Program	84.063		15,687,010	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		140,498	-
Total Student Financial Assistance Cluster			39,882,511	-
TRIO Cluster				
TRIO_Talent Search	84.044		433,055	-
TRIO_McNair Post-Baccalaureate Achievement	84.217		244,702	-
TRIO_Upward Bound	84.047		224,191	-
TRIO_Student Support Services	84.042		651,934	-
Total TRIO Cluster			1,553,882	-
Total Department of Education			41,436,393	-
Total Major Programs			41,436,393	-
OTHER PROGRAMS:				
Research and Development Cluster				
National Science Foundation				
Mathematical and Physical Sciences				
Research in Undergraduate Institutions: Hamiltonian Instability	47.049		18,586	14,723
Geosciences				
Rocky Mountain Collaborative Res. 15	47.050		37,233	-
Computer and Information Science and Engineering				
Passed-Through University of Texas at El Paso				
Computing Alliance of Hispanic - Serving Institutions (CAHSI)	47.070	226100884A-02	1,611	-
Biological Sciences				
RUI Light Controlled Morphogenesis in Early Development of Myxobacteria	47.074		139,757	-

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY

FISCAL SCHEDULES AND ANALYSIS, Continued

Schedule of Expenditures of Federal Awards, Continued

For the Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor Program/Grant Title	Federal CFDA Number	Passed-Through Number	Federal Expenditures	Passed-Through to Subrecipients
OTHER PROGRAMS (continued)				
Research and Development Cluster (continued)				
National Science Foundation (continued)				
Social, Behavioral, and Economic Sciences				
Mesoamerican Online Ethnobotanical Database (MOED)				
	47.075		26,114	-
Education and Human Resources				
Assessing Computational Thinking in Maker Activities (ACTMA)				
	47.076		170,766	-
Peer Enhance Experiential				
	47.076		111,605	-
A Hybrid Course of Peer - Led				
	47.076		16,048	-
Passed-Through Chicago State University				
Illinois Louis Stokes Alliance for Minority Participation (ILSAMP)				
	47.076	1411219	13,885	-
Passed-Through Harrisburg University				
Student Engagement in Informal Science Education (SENCER)				
	47.076	DUE-1224488	1,661	-
Total Education and Human Resources				
			313,965	-
Total National Science Foundation				
			537,266	14,723
Department of Health and Human Services				
Biomedical Research and Research Training				
Maximizing Access to Research Careers (NIH MARC)				
	93.859		263,407	-
Cancer Centers Support Grants				
Cancer Centers Support Grants				
NIH - U54				
	93.397		369,676	-
NIH - To Reduce Cancer Disparities				
	93.397		33,401	-
Total Cancer Centers Support Grants				
			403,077	-
Research Infrastructure Programs				
Passed-Through University of Chicago				
NIH Hexacago				
	93.351	FP058904-A	18,796	-
Total Department of Health and Human Services				
			685,280	-
Department of Agriculture				
Hispanic Serving Institutions Education Grants				
Agriculture and Undergraduate Achievement (AGUA)				
	10.223		22,767	-
Total Department of Agriculture				
			22,767	-
Total Research and Development Cluster				
			1,245,313	14,723

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY

FISCAL SCHEDULES AND ANALYSIS, Continued

Schedule of Expenditures of Federal Awards, Continued

For the Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor Program/Grant Title	Federal CFDA Number	Passed-Through Number	Federal Expenditures	Passed-Through to Subrecipients
OTHER PROGRAMS (continued)				
Department of Education				
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		15,020,476	2,811,875
Higher Education - Institutional Aid				
Strengthening Hispanic Serving Institutions - Retention Transfer Grant	84.031		300,021	236,450
Higher Education - Institutional Aid - PPOHA	84.031		70,085	-
Biomedical Environmental Medical Science	84.031		483,711	-
Total Higher Education Institutional Aid			<u>853,817</u>	<u>236,450</u>
Rehabilitation Long-Term Training				
Rehabilitation Long-Term Training - Vocational Rehab	84.129		117,265	-
English Language Acquisition State Grants				
English as a New Language: Improving Teacher Education Knowledge (ENLITEN)	84.365		301,720	-
Twenty-First Century Community Learning Centers				
Passed-Through State of Illinois, State Board of Education				
Project 4421-15: Pathways	84.287	2016-4421-15-15- 016-5405-51	256,983	-
Project 4421-13: Austin	84.287	2016-4421-13-15- 016-5405-51	490,759	-
Project 4421-25: Morton Success	84.287	2016-4421-25-15- 016-5405-51	474,290	-
Total Twenty-First Century Community Learning Centers			<u>1,222,032</u>	<u>-</u>
Race to the Top				
Passed-Through State of Illinois, State Board of Education				
Race to the Top III	84.395	N/A	19,103	-
Teacher Quality Partnership Grants				
Passed-Through University of Illinois at Chicago				
Teacher Quality Partnership	84.336	U336S090013	9,932	-
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)				
Passed-Through Illinois Board of Higher Education				
No Child Left Behind - Improving Teacher Quality: Plans for Academic Success for All Students	84.367	N/A	359,146	-
Total Department of Education			<u>17,903,491</u>	<u>3,048,325</u>

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY

FISCAL SCHEDULES AND ANALYSIS, Continued

Schedule of Expenditures of Federal Awards, Continued

For the Year Ended June 30, 2016

<u>Federal Grantor/ Pass-Through Grantor Program/Grant Title</u>	<u>Federal CFDA Number</u>	<u>Passed-Through Number</u>	<u>Federal Expenditures</u>	<u>Passed-Through to Subrecipients</u>
OTHER PROGRAMS (continued)				
Department of Health and Human Services				
Block Grants for Prevention and Treatment of Substance Abuse				
Passed-Through Illinois Department of Human Services				
Substance Abuse Prevention	93.959	FCSUP01860	105,433	-
Total Department of Health and Human Services			105,433	-
Total Other Programs			19,254,237	3,063,048
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 60,690,630	\$ 3,063,048

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULE AND ANALYSIS, Continued

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Note 1 - Significant Accounting Policy

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Northeastern Illinois University for the year ended June 30, 2016 which are recorded on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). 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. The University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 - Student Loan Program Administered by the University

The University administered the Federal Perkins Loan Program (CFDA #84.038) during the year ended June 30, 2016:

Outstanding Fund Balance - July 01, 2015	\$ 2,095,148
Additions:	
Interest income	34,058
Other income	4,057
Total Additions	<u>38,115</u>
Deductions:	
Loans cancelled or written off	38,533
Administrative charges	5,033
Collection costs	42,023
Perkins excess liquid cash returned	562,279
Provision for doubtful accounts	<u>(14,814)</u>
Total Deductions	<u>633,054</u>
Outstanding Fund Balance at June 30, 2016	<u>\$ 1,500,209</u>

As of June 30, 2016, the University's outstanding loan balances under the Federal Perkins Loan Program were \$1,811,463 and loans made to eligible students during the year amounted to \$100,662.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULE AND ANALYSIS, Continued

Notes to the Schedule of Expenditures of Federal Awards, Continued
For the Year Ended June 30, 2016

Note 3 - Total New Federal Student Loans

During the audit period, the University processed the following amounts under the Federal Direct Student Loans Program:

Direct Student Loans Program, CFDA #84.268	\$ 20,882,878
Direct Parent Loan for Undergraduate Students Program (PLUS), CFDA #84.268	419,004
Total	<u>\$ 21,301,882</u>

There were no administrative costs charged to the loan program.

Note 4 - Nonmonetary Assistance

During the period, the University did not have any nonmonetary assistance.

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY

FISCAL SCHEDULES AND ANALYSIS, Continued

Schedule of Net Appropriations, Expenditures, Lapsed Balances and Balances Reappropriated

Expenditure Authority for Fiscal Year 2016

Fourteen Months Ended August 31, 2016

Public Act 99-0502 Fiscal Year 2016	Appropriations (Net After Transfers)	Expenditures Through June 30	Lapse Period Expenditures July 1 to August 31	Total Expenditures 14 months Ended August 31	Balances Lapsed August 31	Balances Reappropriated July 1
APPROPRIATED FUNDS						
Education Assistance Fund 007						
Ordinary and Contingent Expenses	\$ 10,695,100	\$ 10,682,581	\$ 12,495	\$ 10,695,076	\$ 24	\$ -
Total Education Assistance Fund	10,695,100	10,682,581	12,495	10,695,076	24	-
TOTAL APPROPRIATED FUNDS	\$ 10,695,100	\$ 10,682,581	\$ 12,495	\$ 10,695,076	\$ 24	\$ -

Note 1: In Fiscal Year 2016 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to University records.

Note 2: Expenditure amounts are vouchers approved and paid by the University and submitted to the State Comptroller for reimbursement of payments made to vendors.

Note 3: During Fiscal Year 2016, the University operated without enacted appropriations until Public Act 99-0502 was signed into law on April 25, 2016. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the University's court-ordered involuntary withholding payroll payments previously processed through the State Treasury were merged into the enacted appropriation for Fund 007. Further, the University incurred reimbursable payroll and non-payroll obligations within Fund 007, which the University was unable to process a reimbursement for the expenditures incurred by the University's Income Fund until the passage of Public Act 99-0502 and Public Act 99-0524.

Note 4: Public Act 99-524 authorizes the University to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for operational expenditures. The Analysis of Operations section of this report at page 85 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University to be submitted against its Fiscal Year 2017 appropriations.

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY

FISCAL SCHEDULES AND ANALYSIS, Continued

Comparative Schedule of Net Appropriations, Expenditures, Lapsed Balances and Balances Reappropriated*

For the Years Ended June 30, 2016 and 2015

	2016 PA 99-0502	2015 PA 99-0001
Education Assistance Fund - 007:		
Appropriations (net after transfers)	\$ 10,695,100	\$ 36,898,800
Expenditures:		
Personal Services	-	35,850,300
Employer Contributions to Group Insurance	-	1,048,500
Ordinary and Contingent Expenses	10,695,076	-
Total Expenditures	<u>10,695,076</u>	<u>36,898,800</u>
Lapsed Balances	<u>24</u>	<u>-</u>
Grand Total, All Funds		
Total Appropriations (Net after transfers)	10,695,100	36,898,800
Total Expenditures	<u>10,695,076</u>	<u>36,898,800</u>
Lapsed Balances	<u>24</u>	<u>-</u>
Balances Reappropriated	<u>\$ 24</u>	<u>\$ -</u>

Note 1: In Fiscal Year 2016 expenditure authority, appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of September 30, 2016, and have been reconciled to University records. Fiscal Year 2015 data within this report component was taken from the University's records and has been reconciled to the data from the Office of the State Comptroller.

Note 2: Expenditure amounts are vouchers approved and paid by the University and submitted to the State Comptroller for reimbursement of payments made to vendors.

Note 3: During Fiscal Year 2016, the University operated without enacted appropriations until Public Act 99-0502 was signed into law on April 25, 2016. During the impasse, the Circuit Court of St. Clair County in *AFSCME Council 31 v. Munger* (15 CH 475) ordered the State Comptroller, in the absence of enacted annual appropriations, to "draw and issue warrants accomplishing payment of wages [for all State employees] at their normal rates of pay." As such, the University's court-ordered involuntary withholding payroll payments previously processed through the State Treasury were merged into the enacted appropriation for Fund 007. Further, the University incurred reimbursable payroll and non-payroll obligations within Fund 007, which the University was unable to process a reimbursement for the expenditures incurred by the University's Income Fund until the passage of Public Act 99-0502 and Public Act 99-0524.

Note 4: Public Act 99-524 authorizes the University to pay Fiscal Year 2016 costs using its Fiscal Year 2017 appropriations for operational expenditures. The Analysis of Operations section of this report at page 85 includes information from University management about the number of invoices and the total dollar amount of invoices held by the University to be submitted against its Fiscal Year 2017 appropriations.

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY

FISCAL SCHEDULES AND ANALYSIS, Continued

Comparative Schedule of Income Fund Revenues and Expenditures*

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
FUND BALANCE, BEGINNING OF YEAR	\$ 43,182,475	\$ 55,820,026
Income fund revenues:		
Tuition	58,819,093	57,947,089
Rental income	110,782	67,095
Investment income	19,188	17,518
Miscellaneous	1,666,403	765,880
	<u>60,615,466</u>	<u>58,797,582</u>
Income fund expenditures:		
Personal services (including change in accrued compensated absences)	57,050,055	34,709,690
Social Security, Medicare, health, and life insurance	2,130,544	1,022,971
Contractual services	9,831,609	10,740,149
Travel	214,099	305,062
Commodities	718,098	1,079,126
Equipment and library books	725,071	1,681,998
Telecommunications	605,063	680,767
Operation of automotive	26,425	37,879
Awards, grants, and matching funds	1,308,142	1,569,172
Permanent improvements	6,406,547	13,926,655
Tuition and fee waivers	4,058,513	3,668,886
Other expenses	2,853,210	2,012,778
	<u>85,927,376</u>	<u>71,435,133</u>
FUND BALANCE, END OF YEAR	<u>\$ 17,870,565</u>	<u>\$ 43,182,475</u>

* This schedule has been prepared on the accrual basis of accounting.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULES AND ANALYSIS, Continued

Schedule of Changes in Capital Assets*

For the Year Ended June 30, 2016

	Balance			Balance
	June 30, 2015	Additions	Deductions	June 30, 2016
Land	\$ 22,009,319	\$ 1,254,640	\$ -	\$ 23,263,959
Land improvements	12,145,086	-	-	12,145,086
Building and building improvements	181,067,066	6,241,725	-	187,308,791
Equipment	34,901,453	1,815,499	2,841,441	33,875,511
Library books	25,050,495	446,183	1,284	25,495,394
Construction in progress	3,840,950	5,703,498	1,155,429	8,389,019
Total	<u>\$ 279,014,369</u>	<u>\$ 15,461,545</u>	<u>\$ 3,998,154</u>	<u>\$ 290,477,760</u>

* This schedule has been prepared from the University's property control records. These records are maintained on a basis prescribed by the Department of Central Management Services and differ from the information presented in the basic financial statements due to the higher capitalization thresholds which were adopted for financial reporting purposes. These records have been reconciled to the property records submitted to the Office of the State Comptroller.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULE AND ANALYSIS, Continued

Analysis of Significant Variations in Expenses

For the Year Ended June 30, 2016

The Statement of Revenues, Expenses and Changes in Net Position is presented on page 22 of the financial audit report. Following are explanations for significant variances between expense accounts exceeding \$135,000 and 10%:

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>		<u>Explanation</u>
			<u>Amount</u>	<u>%</u>	
Research	\$ 1,200,863	\$ 1,355,888	\$ (155,025)	-11%	The net decrease was mainly due to (a) equipment purchased in Fiscal Year 2015 of about \$277 thousand to be used in the newly remodeled Microbiomedical building capitalized only in Fiscal Year 2016 when it was put in service; and (b) increase in contractual expenses of about \$126 thousand as funding increased for federal sub-grants.
Public service	18,434,739	16,037,620	2,397,119	15%	The increase was mainly due to the costs incurred related to the new Gaining Early Awareness and Readiness for Undergraduate Program VI received by the University in late 2014 (Fiscal Year 2015); and this program did not ramp-up until Fiscal Year 2016. Employees hired and vendors contracted for this new grant increased by \$1.4 million and \$1 million, respectively.
Operation and maintenance of plant	16,343,573	18,628,002	(2,284,429)	-12%	The decrease was mainly due to budget cuts implemented by the University in Fiscal Year 2016 resulting in the decline of repair costs and/or equipment (items below \$5 thousand in value) by about \$500 thousand. In addition, the University in Fiscal Year 2015 incurred (a) professional fees for legal services rendered in the development and review of contracts of residential hall project (phase 1 of student housing); and (b) movable equipment (items below \$5 thousand in value/grouped under permanent improvement) to furnished the El Centro.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULE AND ANALYSIS, Continued

Analysis of Significant Variations in Expenses, Continued

For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>		<u>Explanation</u>
			<u>Amount</u>	<u>%</u>	
Scholarships and fellowships	7,853,324	8,895,232	(1,041,908)	-12%	The decrease was substantially due to the decrease in Illinois Monetary Award Program, Pell, and SEOG grants. This decline was attributed to the continuing decline in student enrollment, and number of credit hours of enrolled students.
Depreciation expense	5,560,519	4,818,688	741,831	15%	The increase is mainly due to depreciation of the El Centro building of \$530 thousand and the El Centro parking lot of \$111 thousand in Fiscal Year 2016.
Other operating expenses	1,275,614	179,226	1,096,388	612%	The increase was due mainly to underwriter's discount on the Series 2014 Bond and Series 2015 COP for \$459 thousand charged to expense per GASB Statement No. 65 and the return of excess liquid capital for Perkins program of about \$590 thousand.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULE AND ANALYSIS, Continued

Analysis of Significant Variations in Revenues

For the Year Ended June 30, 2016

The Statement of Revenues, Expenses and Changes in Net Position is presented on page 22 of the financial audit report. Following are explanations for significant variances between expense accounts exceeding \$135,000 and 10%:

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>		<u>Explanation</u>
			<u>Amount</u>	<u>%</u>	
Federal grants and contracts	\$ 19,697,354	\$ 16,941,667	\$ 2,755,687	16%	The increase was mainly due to the Gaining Early Awareness and Readiness for Undergraduate Program VI which was granted in September 2014. The new cycle of this program started in September 2014, and did not ramp up until Fiscal Year 2016.
State and local grants	1,895,321	2,345,836	(450,515)	-19%	The decrease was mainly due to cut in State budget specifically the Grow Your Own program from Illinois Board of Higher Education which was not renewed in Fiscal Year 2016.
Nongovernmental grants and contracts	1,001,507	416,645	584,862	140%	The increase was mainly due to the Northeastern Illinois University Foundation's effort to get private grants and contracts which resulted in JP Morgan and CPS Bilingual grants in Fiscal Year 2016.
Auxiliary enterprises	2,937,532	3,335,193	(397,661)	-12%	The decrease was mainly due to the increase in student requesting for mandatory parking fee to be waived; and reduction of Beck's Bookstore commission from a minimum of 8.5% to 4% from December 2015 until the termination of its lease in April 2016.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULE AND ANALYSIS, Continued

Analysis of Significant Variations in Revenues, Continued

For the Year Ended June 30, 2016

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>		<u>Explanation</u>
			<u>Amount</u>	<u>%</u>	
Other operating revenues	4,147,599	4,721,416	(573,817)	-12%	The decrease was mainly due to the decline in education contracts from Center for College Access and Success CPS Program of \$149 thousand and Intensive English Program of \$121 thousand. In addition, in Fiscal Year 2015, the University received reimbursement from Utility Infrastructure Fund of \$208 thousand for expenses paid for under the Public Sector Energy Efficiency Grant, while none was received in Fiscal Year 2016.
State appropriations - general revenue fund	10,694,997	36,898,800	(26,203,803)	-71%	The decrease was mainly due to the decline in appropriation from \$36.9 million in Fiscal Year 2015 to \$10.7 million in Fiscal Year 2016.
State grants - Monetary Award Program	3,419,612	7,398,845	(3,979,233)	-54%	The decrease was due to the Illinois Monetary Award Program for Spring term 2016 which was not taken up as revenue in Fiscal Year 2016 as funding for this was only authorized in Fiscal Year 2017.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULE AND ANALYSIS, Continued

Analysis of Significant Lapse Period Spending
For the Year Ended June 30, 2016

There were no significant expenditures during the lapse period.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULES AND ANALYSIS, Continued

Analysis of Significant Account Balances

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash and Cash Equivalents		
The University's cash and cash equivalents are classified as follows:		
Cash and cash equivalents	\$ 28,734,042	\$ 51,228,838
Restricted cash and cash equivalents	2,219,474	1,452,706
	<u>\$ 30,953,516</u>	<u>\$ 52,681,544</u>
Total Cash and Cash Equivalents		
The University's cash and cash equivalents were held in the following accounts:		
Deposits held at U.S. Bank		
Series 2014 Expense Fund	\$ -	\$ 59,147
Series 2014-1 Bond Fund	315,400	414,969
Series 2014-2 Bond Fund	220,425	144,303
Deposits held at PNC Bank	18,433	24,357
Deposits held at JPMorgan Chase Bank		
University Operating Account	2,644,813	2,700,982
University Operating Investment Account	28,612,602	49,900,495
University Clearing Account	(1,751,205)	(1,061,727)
University Payroll Account	(568,656)	(190,610)
University Student Refund Account	(314,161)	(222,861)
Student Union Revenue Fund	7	181,969
Repair and Replacement Account	432,166	432,166
Equipment Reserve	146,253	134,885
University Emergency Loan Account	(250)	(150)
2010 COP Installment Payment Account	1	-
2012 COP Installment Payment Account	3	1
2012 Certificate of Participation Project Account	60,935	60,909
2015 COP Installment Payment Account	993,325	-
2015 COP Cost of Issuance Account	32,525	-
Illinois Funds	104,200	96,009
Petty Cash - all accounts	6,700	6,700
	<u>\$ 30,953,516</u>	<u>\$ 52,681,544</u>
Total Cash and Cash Equivalents		

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULES AND ANALYSIS, Continued

Analysis of Significant Account Balances, Continued

For the Years Ended June 30, 2016 and 2015

Cash and Cash Equivalents, Continued

As of June 30, 2016, all deposit amounts were fully collateralized with federal government securities pledged by the applicable financial institution, were invested in U.S. Government securities, money market funds, or were on deposit with Illinois Funds. The Illinois Funds includes investment in U.S. Government-backed securities which yielded an average annual yield of 1.53% during Fiscal Year 2016. The University has the right to withdraw its participation from the pool at any point in time.

The decrease in cash and cash equivalent can be attributed to the decrease in appropriations brought about by the State budget impasse. The University received \$10.7 million in Fiscal Year 2016 compared to \$36.9 million in Fiscal Year 2015, a decrease of \$26 million which forced the University to use its locally held funds for salary expenses that were normally paid by appropriations. This was offset by the increase in restricted cash of about \$1.0 million held in the 2015 COP installment payment account for payment of principal and interest due 07/01/16.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULES AND ANALYSIS, Continued

Analysis of Significant Account Balances, Continued

For the Years Ended June 30, 2016 and 2015

Receivables

The University's receivables (net of allowance for doubtful accounts) are classified as follows:

	<u>2016</u>	<u>2015</u>
Grants	\$ 5,790,886	\$ 4,769,971
Student loans	1,174,490	1,431,306
Tuition and fees	7,228,506	6,834,615
Other receivables	<u>742,296</u>	<u>7,684,974</u>
Total Receivables	<u>\$ 14,936,178</u>	<u>\$ 20,720,866</u>

Grants receivable consists of amounts due from the federal government and other granting sources at the end of the fiscal year. The increase of about \$1.0 million was due mainly to receivables in federal grants specifically the GEAR-Up grants which were at \$3.3 million in Fiscal Year 2016 compared to \$2.0 million in Fiscal Year 2015, a multi-million dollar award began in September 2014 on which program expenses did not ramp up until Fiscal Year 2016.

Student loans comprise substantially of loans made through the Federal Perkins Loan program. The decrease was mainly due to collections of about \$343 thousand offset by loans to students of \$101 thousand.

On the other hand, tuition and fee receivables increased due to a surge in receivables of about \$2.8 million offset by a rise in allowance for doubtful accounts of \$2.3 million. Higher tuition fees, the elimination of the minimum payment required, and no consequence of being dropped contributed to the increase.

Other receivables consist primarily of amounts due from State appropriation, parking fines, library fines and other miscellaneous receivables. The decrease was mainly due to the decline in appropriation receivables of \$7.3 million offset by an increase in Stafford direct loans of about \$400 thousand.

STATE OF ILLINOIS
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FISCAL SCHEDULES AND ANALYSIS, Continued

Analysis of Significant Account Balances, Continued

For the Year Ended June 30, 2016

Receivables, continued

The aging of such receivables, by type, as of June 30, 2016, is as follows:

	<u>Current</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>Over 3 years</u>	<u>Total</u>
Grants	\$ 5,790,886	\$ -	\$ -	\$ -	\$ 5,790,886
Student loans					
Perkins loan	1,284,487	147,176	98,752	281,076	1,811,491
Emergency loan	6,244	1,483	2,312	28,144	38,183
Teach	5,266	-	-	-	5,266
Total student loans	<u>\$ 1,295,997</u>	<u>\$ 148,659</u>	<u>\$ 101,064</u>	<u>\$ 309,220</u>	1,854,940
Allowance for doubtful accounts					<u>(680,450)</u>
Net student loans					<u>\$ 1,174,490</u>
Tuition and fees					
From students	\$ 7,891,995	\$ 2,945,768	\$ 2,350,310	\$ 4,901,374	\$ 18,089,447
Third party reimbursements	(34,108)	-	-	-	(34,108)
Total tuition and fees	<u>\$ 7,857,887</u>	<u>\$ 2,945,768</u>	<u>\$ 2,350,310</u>	<u>\$ 4,901,374</u>	18,055,339
Allowance for doubtful accounts					<u>(10,826,833)</u>
Net tuition and fees					<u>\$ 7,228,506</u>
Other receivables					
Parking fines	\$ 71,674	\$ 7,293	\$ 40,092	\$ 255,071	\$ 374,130
Library fines	98,048	71,055	68,607	484,030	721,740
Other accruals	638,317	-	-	-	638,317
Total other receivables	<u>\$ 808,039</u>	<u>\$ 78,348</u>	<u>\$ 108,699</u>	<u>\$ 739,101</u>	1,734,187
Allowance for doubtful accounts					<u>(991,891)</u>
Net other receivables					<u>\$ 742,296</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULES AND ANALYSIS, Continued

Analysis of Significant Account Balances, Continued

For the Years Ended June 30, 2016 and 2015

Liabilities

A comparative analysis of liabilities of the University is provided below:

	<u>2016</u>	<u>2015</u>
Accounts payable and accrued liabilities	\$ 8,956,104	\$ 9,777,825
Unearned revenues	1,207,772	1,359,722
Liability for compensated absences	6,803,544	7,146,808
Revenue bonds payable, net	15,513,782	15,477,549
Certificates of participation, net	42,837,253	43,924,866
Funds held in custody for others	364,279	392,563
Installment purchases payable	321,872	-
	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 76,004,606</u>	<u>\$ 78,079,333</u>

The decrease in certificates of participation (COP) was mainly due to payments of maturing portion of Series 2010 and 2012 COPs and defeasance of Series 2006 in Fiscal Year 2016.

The installment purchases payable in Fiscal Year 2016 represents master equipment lease/purchase agreement entered by the University for the acquisition/upgrade of copiers/printers.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULES AND ANALYSIS, Continued

Summary of Indirect Cost Reimbursement Funds

For the Year Ended June 30, 2016

FUND BALANCE, JUNE 30, 2015 \$ 1,396,283

21st Century Community Centers	334
21st CCLC - Austin	36,357
21st CCLC Morton High School	34,119
21st CCLC - Pathways	19,036
Academic Enhancements	69,284
ACTMA	19,175
Bookstore	5,755
Bridges to the Future	3,184
Campus Recreation	39,280
CCT Next Generation Educators	2,382
CCT HIVE: Maker MOB	1,224
Chicago Community Found: Hive Project	2,277
Childcare Center	36,236
CPS Cultural Connection Institute	1,293
ENLITEN	20,676
English Language Acquisition	(371)
Fry Foundation	2,312
GEAR UP Programs	1,053,426
Health Services	28,778
JP Morgan Chase Fellowship Initiative	27,819
JS Morton Academic Tutoring	403
Long Term Vocational Rehab	5,541
Louis Stoke Alliance Minority	1,811
McNair Scholars Program	18,126
Mesoamerican Online Ethnobotanical	6,830
NCLB Plans for Academic Success	26,603
Non-Credit Contracts	69
NU Nghbrs to Reduce Cancer Disparities	11,714
NU Stars Marc	19,512
On Line Course Fees-CTL	16,589
Parking Lot Administration	94,195
Partners of Americas-In Campuses	1,514
Peer Enhance Experiential	35,410

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULES AND ANALYSIS, Continued

Summary of Indirect Cost Reimbursement Funds, Continued

For the Year Ended June 30, 2016

Performing Arts	7,241	
Perkins Loan Program	5,033	
Personnel Prep for Children with Disability	2	
Polk Bros Studio Habits	1,533	
Rehabilitation Long Term Training	3,145	
Rocky Mountain Collaborative Res	11,351	
RUI Instability of Dynamical System	1,306	
RUI Light Controlled Morphogenesis	27,140	
SEOG Program	17,753	
SSSP Teacher Preparation	18,168	
SSSP with Disabilities	14,247	
Student Activities	40,371	
Student Support Services Program	2,019	
Student Union Service	58,560	
Talent Search	32,508	
Technology Initiatives	101,618	
Trio SSSP 2016 Classic Year	13,857	
UIC Teacher Quality Partnership	736	
Upward Bound	16,747	
U54 Chicago Collaborative	81,069	
UC/NHI Hexacago	1,392	
Vending	7,154	
Work Study Programs	24,428	2,128,271
Other Sources - IC on Course Fees/PELL Administrative Fee		34,677
		<hr/>
Total Available		3,559,231
Less: Expenditures and Transfer		
Academic Services	596,105	
Administrative Services	441,212	
Public Services	5,000	
Funds Transferred to Income Fund	875,965	1,918,282
		<hr/>
FUND BALANCE, JUNE 30, 2016		\$ 1,640,949
		<hr/> <hr/>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULES AND ANALYSIS, Continued

**Schedule of Indirect Cost Funds to be Deposited into the University Income Fund
as Required by the 1982 University Guidelines (Amended 1997) (Unaudited)**

For the Year Ended June 30, 2016

1. Cash and cash equivalents balance:	
Cash and cash equivalents	<u>\$ 1,682,035</u>
2. Allocated reimbursements:	
Indirect cost reimbursements allocated for expenditure for the fiscal year completed: (\$1,649,114 @ 30%)	494,734
3. Unallocated reimbursements:	
Lesser of actual unallocated indirect cost reimbursements for the year completed OR 10% of total indirect cost allocations for the year completed	164,911
4. Encumbrances and current liabilities paid in the lapse period:	
Current liabilities and encumbrances	<u>122,874</u>
5. Indirect cost carry-forward	<u>782,519</u>
EXCESS CASH TO BE DEPOSITED TO THE UNIVERSITY INCOME FUND	<u><u>\$ 899,516</u></u>

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY

FISCAL SCHEDULES AND ANALYSIS, Continued

Schedule of Excess Funds Calculation by Entity as Required by the 1982 University Guidelines (Amended 1997) (Unaudited)

For the Year Ended June 30, 2016

	Student Fee Programs	Public Service Activities	Student and Staff Services	Service Departments	Other Educational Services	Educational Contracts	Auxiliary Enterprises			
							Student Union	Parking Lot Administration	Other Auxiliary Enterprises	Total Auxiliary Enterprises
1. Current Available Funds:										
Cash	A. \$ 1,125,196	\$ 205,595	\$ (840,002)	\$ 1,781,479	\$ 3,793	\$ 420,421	\$ (163,124)	\$ 1,080,818	\$ 474,519	\$ 1,392,213
2. Working capital allowance:										
Highest month's expenditures	\$ 1,055,040	\$ 109,589	\$ 881,406	\$ 621,541	\$ 219,399	\$ 22,909	\$ 183,931	\$ 532,517	\$ 83,638	\$ 800,086
Encumbrances and current liabilities paid in lapse period	281,264	18,021	205,088	1,057,184	20,825	7,314	48,603	24,485	24,955	98,043
Allowance for Sick Leave/Vacation Payouts	-	-	-	-	-	-	52,750	44,840	4,253	101,843
Deferred income	165,260	-	6,502	-	-	-	21,473	49,923	4,764	76,160
Refundable deposits	200	18	-	52,095	-	-	-	-	236,811	236,811
Total working capital allowance	B. \$ 1,501,764	\$ 127,628	\$ 1,092,996	\$ 1,730,820	\$ 240,224	\$ 30,223	\$ 306,757	\$ 651,765	\$ 354,421	\$ 1,312,943
3. Current Excess Funds:										
Deduct B from A	C. \$ (376,568)	77,967	\$ (1,932,998)	50,659	\$ (236,431)	390,198	\$ (469,881)	429,053	120,098	79,270
4. Calculation of Income Fund Remittance										
An entity may offset excess capital or current funds within the entity.										
Enter the amount to be offset:										
Allowable capital reserves (see below)	D.	(901,295)	(373,934)			(418,802)		(50,448)	(830,173)	(880,621)
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit in the Income Fund		\$ (823,328)	\$ (323,275)			\$ (28,604)		\$ 378,605	\$ (710,075)	\$ (331,470)
Excess Funds Offset										
Allowable capital reserves		1,152,216	1,703,549			459,629		675,895	1,849,837	2,525,732
Actual capital reserves		250,921	1,329,615			40,827		625,447	1,019,664	1,645,111
Total Excess Funds Offset		\$ 901,295	\$ 373,934			\$ 418,802		\$ 50,448	\$ 830,173	\$ 880,621

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULE AND ANALYSIS, Continued

Description of Accounting Entities

For the Year Ended June 30, 2016

Accounting entities as defined by the 1982 (Amended 1997) Legislative Audit Commission Guidelines and their primary revenue sources are as follows:

Activities

Student Fee Programs are organized student activities funded primarily by student fees.

Indirect Costs are accounts for indirect cost reimbursements received for University grants and contracts.

Public Service Activities are noncredit conferences, seminars, short courses, and other services offered to the public for a fee. The primary revenue source is the fee charged to participants.

Student and Staff Services are services offered at a charge to University staff and students.

Service Departments provide products or services to organizational units within the University. Charges for services provide the revenue.

Other Educational Services are activities related to the educational process which incidentally generate products or services made available to the public for a charge.

Educational Contracts are courses for credit which are presented by, and have the course content coordinated with, a government unit, community organization, or private business.

Auxiliary Enterprises

Student Union is an operation financed by revenue bonds with principal operations, including food service, conference and assembly space, student card services, and information services.

Parking Lot Administration provides the operation, maintenance, and development of the University parking facilities. Revenues come from charges for parking and fines.

Other Auxiliary Enterprises are self-supporting activities that include vending machines, child care, and bookstore.

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY

FISCAL SCHEDULES AND ANALYSIS, Continued

Balance Sheets - Other Entities and Auxiliary Enterprises

For the Year Ended June 30, 2016

	Student Fee Programs	Indirect Cost	Public Service Activities	Student and Staff Services	Service Departments	Other Educational Services	Educational Contracts	Auxiliary Enterprises			Totals
								Student Union	Parking Lot Administration	Other Auxiliary Enterprises	
Assets											
Current Fund Assets											
Cash	\$ 1,125,196	\$ 1,682,035	\$ 205,595	\$ (840,002)	\$ 1,781,479	\$ 3,793	\$ 420,421	\$ (163,124)	\$ 1,080,818	\$ 474,519	\$ 5,770,730
Accounts receivable - net	393,646	-	(544)	501,120	-	-	-	68,995	194,205	53,004	1,210,426
Prepaid expenses	469,704	53,465	238	8,228	-	-	1,654	3,917	-	-	537,206
Inventories	-	-	-	-	7,683	-	-	510	-	-	8,193
Total	<u>1,988,546</u>	<u>1,735,500</u>	<u>205,289</u>	<u>(330,654)</u>	<u>1,789,162</u>	<u>3,793</u>	<u>422,075</u>	<u>(89,702)</u>	<u>1,275,023</u>	<u>527,523</u>	<u>7,526,555</u>
Plant Fund Assets											
Cash and investments	983,403	-	255,345	-	1,395,097	91,122	40,827	580,257	625,447	1,020,592	4,992,090
Land and land improvements	782,243	-	242,775	202,992	169,396	217,803	84,330	634,433	4,557,154	388,577	7,279,703
Buildings and construction in progress	12,624,707	-	6,871,837	1,441,449	1,750,072	6,736,726	1,010,747	7,653,047	15,715,935	3,491,344	57,295,864
Equipment	3,193,086	-	39,792	58,932	4,525,727	1,944,236	310,803	749,242	1,100,898	91,900	12,014,616
Total	<u>17,583,439</u>	<u>-</u>	<u>7,409,749</u>	<u>1,703,373</u>	<u>7,840,292</u>	<u>8,989,887</u>	<u>1,446,707</u>	<u>9,616,979</u>	<u>21,999,434</u>	<u>4,992,413</u>	<u>81,582,273</u>
Total assets	<u>19,571,985</u>	<u>1,735,500</u>	<u>7,615,038</u>	<u>1,372,719</u>	<u>9,629,454</u>	<u>8,993,680</u>	<u>1,868,782</u>	<u>9,527,277</u>	<u>23,274,457</u>	<u>5,519,936</u>	<u>89,108,828</u>
Liabilities											
Current Fund Liabilities											
Accounts payable and accrued liabilities	88,736	94,400	18,021	93,744	129,603	20,825	2,064	101,353	69,324	29,208	647,278
Unearned revenues	165,260	151	-	6,502	-	-	-	21,473	49,923	4,764	248,073
Leases payable	-	-	-	-	321,871	-	-	-	-	-	321,871
Refundable deposits	-	-	18	-	52,095	-	-	-	-	236,811	288,924
Total	<u>253,996</u>	<u>94,551</u>	<u>18,039</u>	<u>100,246</u>	<u>503,569</u>	<u>20,825</u>	<u>2,064</u>	<u>122,826</u>	<u>119,247</u>	<u>270,783</u>	<u>1,506,146</u>
Plant Fund Liabilities											
Accounts payable and accrued liabilities	-	-	4,424	-	65,482	-	-	-	-	929	70,835
Revenue bonds payable	-	-	-	-	-	-	-	-	15,236,264	-	15,236,264
Total	<u>-</u>	<u>-</u>	<u>4,424</u>	<u>-</u>	<u>65,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,236,264</u>	<u>929</u>	<u>15,307,099</u>
Total liabilities	<u>253,996</u>	<u>94,551</u>	<u>22,463</u>	<u>100,246</u>	<u>569,051</u>	<u>20,825</u>	<u>2,064</u>	<u>122,826</u>	<u>15,355,511</u>	<u>271,712</u>	<u>16,813,245</u>
Fund balance											
Unrestricted	1,734,550	1,640,949	187,250	(430,900)	1,285,593	(17,032)	420,011	(212,528)	1,155,776	256,740	6,020,409
Reserves - Plant	983,403	-	250,921	-	1,329,615	91,122	40,827	580,257	625,447	1,019,663	4,921,255
Investment in plant	16,600,036	-	7,154,404	1,703,373	6,445,195	8,898,765	1,405,880	9,036,722	6,137,723	3,971,821	61,353,919
Total fund balance	<u>19,317,989</u>	<u>1,640,949</u>	<u>7,592,575</u>	<u>1,272,473</u>	<u>9,060,403</u>	<u>8,972,855</u>	<u>1,866,718</u>	<u>9,404,451</u>	<u>7,918,946</u>	<u>5,248,224</u>	<u>72,295,583</u>
Total liabilities and fund balance	<u>\$ 19,571,985</u>	<u>\$ 1,735,500</u>	<u>\$ 7,615,038</u>	<u>\$ 1,372,719</u>	<u>\$ 9,629,454</u>	<u>\$ 8,993,680</u>	<u>\$ 1,868,782</u>	<u>\$ 9,527,277</u>	<u>\$ 23,274,457</u>	<u>\$ 5,519,936</u>	<u>\$ 89,108,828</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULES AND ANALYSIS, Continued

**Schedule of Revenues, Expenditures and Changes in Fund Balances - Other Entities and
Auxiliary Enterprises**

For the Year Ended June 30, 2016

Accounting Entities and Auxiliary Enterprises	Balance June 30, 2015	Revenues	Expenditures and Transfers	Balance June 30, 2016
Student Fee Programs	\$ 1,632,779	\$ 8,573,156	\$ 8,471,385	\$ 1,734,550
Indirect Cost	1,396,284	2,162,947	1,918,282	1,640,949
Public Service Activities	209,532	388,243	410,525	187,250
Student and Staff Services	(910,335)	2,991,065	2,511,630	(430,900)
Service Departments	1,221,391	3,354,863	3,290,661	1,285,593
Other Educational Services	149,981	253,170	420,183	(17,032)
Educational Contracts	219,372	285,199	84,560	420,011
Student Union	(325,216)	1,171,200	1,058,512	(212,528)
Parking Lot Administration	1,289,925	1,883,906	2,018,055	1,155,776
Other Auxiliary Enterprises	214,270	1,240,533	1,198,063	256,740
Total	\$ 5,097,983	\$ 22,304,282	\$ 21,381,856	\$ 6,020,409

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

FISCAL SCHEDULES AND ANALYSIS, Continued

Schedules of Federal Expenditures, Nonfederal Expenses and New Loans

For the Year Ended June 30, 2016

SCHEDULE A - FEDERAL FINANCIAL COMPONENT

Total Federal expenditures reported on SEFA Schedule	\$ 60,690,630
Total New Loans Made not included on SEFA Schedule	- *
Amount of Federal Loan Balances at Beginning of the Year (not included on the SEFA schedule and continued compliance is required)	- *
Other noncash Federal Award Expenditures (not included on SEFA Schedule)	- *
	<hr/>
TOTAL SCHEDULE A	<u><u>\$ 60,690,630</u></u>

SCHEDULE B - TOTAL FINANCIAL COMPONENT

Total operating expenses (from financial statements)	\$ 187,916,201
Total nonoperating expenses (from financial statements)	2,318,862
Total new loans made	21,301,882
Amount of federal loan balances	1,811,463
	<hr/>

TOTAL SCHEDULE B **\$ 213,348,408**

SCHEDULE C

		<u>Percent</u>
Total Schedule A	\$ 60,690,630	28.4%
Total nonfederal expenses	<u>152,657,778</u>	<u>71.6%</u>
TOTAL SCHEDULE B	<u><u>\$ 213,348,408</u></u>	<u><u>100.0%</u></u>

* Loan amounts are included on SEFA schedule.

These schedules are used to determine the University single audit costs in accordance with the Uniform Guidance.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED)

University Functions and Planning Program (Unaudited)

For the Year Ended June 30, 2016

Description of Planning System

Functions

Mission

The University, as a public comprehensive university with locations throughout Chicago, provides an exceptional environment for learning, teaching, and scholarship. The University prepares a diverse community of students for leadership and service in our region and in a dynamic multicultural world.

Vision

The University will be a leader among metropolitan universities, known for its dedication to its urban mission, for the quality of its programs, for the success of its graduates, and for the diversity of its learning environment.

Values

The University is committed to a set of shared values - *integrity, excellence, access to opportunity, diversity, community, and empowerment through learning* - that, taken collectively, guides their actions and interactions, both within and throughout the University and outside the University, as they work together to prepare graduates for the responsible exercise of citizenship. These values serve as the touchstone for planning how the University will best achieve the educational mission entrusted to them.

Planning

The University has identified six strategic goals as the most critical objectives in meeting their Mission and achieving their Vision. These strategic goals, and the action steps accompanying each goal, will be used to establish their work and budget priorities each year and will serve as the framework to determine the success of the University. The six strategic goals are as follows:

- (1) Student Success: Ensure student success from recruitment through graduation by creating a culture in which all members of the University community are engaged in attracting, educating, and graduating students who achieve the objectives for baccalaureate and graduate degrees.
- (2) Academic Excellence and Innovation: Develop an environment that supports curricular and pedagogical innovation aligned with the mission of the institution, the standards of the disciplines, student needs, and career and civic opportunities in a global society.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

University Functions and Planning Program (Unaudited), Continued

For the Year Ended June 30, 2016

- (3) Urban Leadership: Work collaboratively with educational, social service, governmental, and business institutions in Chicago and the region to build upon the University's tradition of community involvement.
- (4) Exemplary Faculty and Staff: Invest in faculty and staff to make the University a world-class metropolitan university and an employer of choice.
- (5) Enhanced University Operations: Provide a supportive learning, teaching and working environment by improving operating productivity, physical infrastructure, and environmental sustainability.
- (6) Fiscal Strength: Enhance the University's financial position by reducing reliance on State general funds and student tuition, diversifying revenue sources, and strengthening institutional relationships with federal, State, and local governments, and private sponsors.

Also included in the University's strategic plan are the specific action steps, which outline the various activities the University will undertake in the next few years to achieve its strategic goals. The University will analyze the action steps under each strategic goal to determine the areas of responsibility, timeframes, required resources, priority order of the action steps, and yearly tasks that help them accomplish the action steps. The University will develop annual work plans and work teams (across units) as needed to move their plan forward.

The University will develop, using the President's Council and the Office of Institutional Research, a limited number of key indicators or benchmarks for each strategic goal. They will be measured periodically and the results reported to the University community and posted on the University website. The University will require unit goals and actions to be in harmony with the University strategic goals.

Annual progress reports will be provided to University community (e.g., the State of the University address) and the Board of Trustees. The University will continue to strive to achieve its goals, reflecting excellence and accountability in the implementation of this plan.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

Budget Impasse Disclosures (Unaudited)

For the Year Ended June 30, 2016

Payment of Fiscal Year 2016 Costs in Future Fiscal Years

Article 74 of Public Act 99-0524 authorized Northeastern Illinois University (University) to pay Fiscal Year 2016 costs using the University's Fiscal Year 2017 appropriations. The following chart shows the vouchers submitted by the University to pay for Fiscal Year 2016 payroll expenditures using the University's Fiscal Year 2017 appropriations:

Outstanding Fiscal Year 2016 Invoices			
<u>Fund No.</u>	<u>Fund Name</u>	<u>Number</u>	<u>Dollar Value</u>
007	Education Assistance Fund	8	\$ 19,478,463

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Unaudited)

For the Year Ended June 30, 2016

Transactions Involving the Illinois Finance Authority

Northeastern Illinois University (University) and its vendors did not participate in alternative financing in lieu of enacted appropriations involving the Illinois Finance Authority during Fiscal Year 2016.

Transactions Involving the Vendor Payment Program and Vendor Support Initiative Program

Vendor Payment Program

In 2011, the State of Illinois (State) created the voluntary Vendor Payment Program (VPP) in response to delays in payments for goods and services provided by the State's vendors arising from the State's cash flow deficit. The Department of Central Management Services (CMS) approved third party financing entities to act as "qualified purchasers" of accounts receivable from "participating vendors" who had submitted invoices which had not been paid by the State.

A participating vendor's accounts receivable is eligible for the VPP if it is from an invoice unpaid by the State that is (1) not for medical assistance payments (2) where 90 days have passed since the proper bill date, which is (3) entitled to interest under the State Prompt Payment Act (Act) (30 ILCS 540) and (4) free of any liens or encumbrances. Under the terms of an agreement between a qualified purchaser and the participating vendor, the participating vendor receives payment for 90% of the receivable balance. The participating vendor, in turn, assigns its rights to the interest due under the Act to the qualified purchaser. When the State Comptroller ultimately pays the invoice, the participating vendor receives the remaining 10% due (less any offset).

Notable, while CMS approved the qualified purchasers and provided information to vendors about VPP, neither CMS nor the State are parties to the assignment arrangements.

During Fiscal Year 2016, none of the University's vendors participated in the VPP.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

Alternative Financing in Lieu of Appropriations and Programs to Address Untimely Payments to Vendors (Unaudited), Continued

For the Year Ended June 30, 2016

Vendor Support Initiative Program

During Fiscal Year 2016, the State created the voluntary Vendor Support Initiative Program (VSI) as an alternative to the VPP for cases where the University lacked an enacted appropriation or other legal expenditure authority to present invoices to the State Comptroller for payment. The VSI operated similarly to the VPP, although the University was required to determine a participating vendor's invoice (1) would have met the requirements of the VPP and (2) provided the proper bill date of invoice prior to the qualified purchaser and participating vendor entering into an agreement where the participating vendor received payment for 90% of the receivable balance. The participating vendor, in turn, assigned its rights to the interest due under the Act to the qualified purchaser. After the State Comptroller ultimately paid/pays the invoice after the University receives/received appropriations or other legal expenditure authority to pay the invoice, the participating vendor receives/received the remaining 10% due (less any offsets).

During the Fiscal Year 2016, none of the University's vendors participated in the VSI.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

Interest Costs on Fiscal Year 2016 Invoices (Unaudited)

For the Year Ended June 30, 2016

Prompt Payment Interest Costs

Northeastern Illinois University (University) did not incur any prompt payment interest due to vendors under the State Prompt Payment Act (Act) (30 ILCS 540). The University's vendors were paid from funds and accounts that are ineligible for prompt payment interest due to vendors under the Act.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

University Enrollment and Employee Information (Unaudited)

For the Year Ended June 30, 2016

Enrollment Information

Enrollments of both undergraduate and graduate students for each term (including extension centers and part-time students) for the school years 2015-2016 and 2014-2015, as shown in the Board of Trustees' Enrollment Report were as follows:

	<u>2015 - 2016</u>	<u>2014 - 2015</u>
Fall	9,891	10,275
Spring	9,090	9,243
Summer	4,396	4,576

Average Annual Full-Time Equivalent (FTE) Enrollment

In Fiscal Year 2016, the University had an average FTE enrollment of 6,913 students, comprised of 5,807 undergraduates and 1,106 graduate students. This number was calculated in accordance with the Illinois Board of Higher Education guidelines as follows: annual undergraduate semester credit hours (SCH) divided by 30. It is assumed that a full-time undergraduate student enrolls for 15 hours per term, two terms per year. The same logic was used to calculate graduate FTE, except that SCH was divided by 24. It is assumed that a fulltime graduate student enrolls for 12 hours per term, two terms per year.

Annual Cost per FTE Student

The University, like all other public universities in Illinois, is required to submit to the Illinois Board of Higher Education an annual cost study. This cost study calculates the number of dollars per credit hour by discipline and student level. Operating costs are accounted for in this study.

Assuming an undergraduate FTE enrolls for two terms at 15 hours per term, and that a graduate FTE enrolls for two terms at 12 hours per term, the Fiscal Year 2016 annual costs per FTE, calculated by dividing the total costs of instruction by the corresponding FTE, were as follows: a) undergraduate - \$11,177, and b) graduate - \$14,599.

Costs per Credit Hour

The University's costs per credit hour (based upon total expenditures for instruction divided by total credit hours) for Fiscal Years 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Costs per Credit Hour	\$ 402	\$ 413

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

University Enrollment and Employee Information (Unaudited), Continued
For the Year Ended June 30, 2016

Student/Faculty Ratio

The University's student/faculty ratio (based upon full-time equivalent students and faculty on a staff year basis) for Fiscal Years 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Student/Faculty Ratio	16:1	16:1

Employee Information

The average number of employees at the University during Fiscal Years 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Administration	337	322
Faculty	608	549
Civil service	602	613
Students	<u>455</u>	<u>378</u>
Total employees	<u>2,002</u>	<u>1,862</u>

STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

Selected Service Efforts and Accomplishments (Unaudited)

For the Year Ended June 30, 2016

Source	Indicator	2009	2010	2011	2012	2013	2014	2015	2016	Target Value	Next Measurement Date
<u>Student Success</u>											
NEIU	First Year to Second Year Retention Rate	67.3%	68.2%	64.1%	61.6%	61.0%	60.3%	60.6%	55.2%	61.0%	Fall, 2017
NEIU	First Year to Third Year Retention Rate	45.9%	52.2%	52.1%	44.3%	46.5%	44.9%	45.4%	43.0%	46.0%	Fall, 2017
NEIU	Six-Year Graduation Rate	20.4%	20.1%	23.1%	20.9%	20.3%	21.8%	22.2%	23.9%	24.7%	Fall, 2017
NEIU	New Freshmen Enrollment	1,071	1,042	950	1,040	808	771	748	801	825	Fall, 2017
NEIU	Undergraduates with Declared Majors and Pre-Majors	69.2%	72.9%	74.7%	79.2%	81.5%	83.7%	84.7%	84.6%	86.0%	Spring 2017
<u>Enhanced University Operations</u>											
IBHE	Comparative Instructional Costs as a Percentage of State Average	98.2%	97.6%	92.4%	95.3%	95.1%	104.3%	104.7%	Not yet available	100.0%	FY2016
NEIU	Energy Usage (BTUs of Energy per sq. ft.)	159.7	153.8	153.7	131.1	125.3	147.7	135.1	122.9	138.1	FY2017
NEIU	Institutional Support as Percentage of Total Operating Expenses	7.9%	9.2%	8.8%	7.3%	9.0%	10.7%	10.1%	Not yet available	6.5%	FY2016
<u>Fiscal Strength</u>											
NEIU	Tuition as Percentage of State Average	81.0%	83.0%	85.0%	85.0%	85.0%	84.0%	85.0%	87.0%	< 95%	FY2017
NEIU	Endowment Contributions	\$ 632,425	\$ 490,374	\$ 190,581	\$ 463,764	\$ 476,760	\$ 379,004	\$ 768,031	\$ 529,666	\$ 560,000	FY2017
NEIU	Overall Contributions to NEIU	\$ 1,000,759	\$ 928,614	\$ 735,450	\$ 1,013,959	\$ 1,656,023	\$ 1,028,925	\$ 2,661,734	\$ 1,581,205	\$ 1,500,000	FY2017

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

University Bookstore Information (Unaudited)

For the Year Ended June 30, 2016

The summary of University bookstore information for Fiscal Year 2016 is as follows:

In January 2016, the Concession Agreement with Beck's Bookstore, Inc. was terminated and on mutual agreement, Beck's Bookstore, Inc. continued to operate through May 31, 2016. In Fiscal Year 2016, Beck's Bookstore, Inc. paid commissions as follows:

	<u>Commission Paid in Fiscal Year 2016</u>
From July 1, 2015 to November 30, 2015 at 8.5% of sales of \$853,931	\$ 72,584
From December 1, 2015 to May 31, 2016 at 4% of Net Revenue of \$564,404	<u>22,576</u>
Total	<u>\$ 95,160</u>

With the termination of the contract with Beck's Bookstore, Inc., the University entered into a bookstore operating concession agreement with Follett Higher Education Group, Inc. ("Follett").

Contract term	04/14/2016 - 06/30/2021
Commission: Follett shall pay commission in an amount equal to the sum of:	15% of all net revenue up to \$2,100,000; plus 16% of any part of net revenue over \$2,100,000

In Fiscal Year 2016, Follett paid \$19,931 based on net revenue of \$132,872.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

Special Data Requirements for Audits of Universities (Unaudited)

For the Year Ended June 30, 2016

University Reporting in Accordance with University Guidelines (Unaudited)

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled “Matters Regarding University Audits” (Memorandum), certain supplemental data is required to be reported for University audits. The table below cross references the memorandum requirements (indicated by number and letter paragraph references) to the University financial statements and audit reports for the year ended June 30, 2016, where such special data is found.

Compliance Findings

13(a) There were no findings during the current year.

Indirect Cost Reimbursements

13(b) A statement of the sources and applications of indirect cost reimbursements is included on pages 75 and 76 of this report.

13(c) The University’s calculation sheet for indirect cost carry-forward is included in this report on page 77. The excess funds were deposited to the Income Fund within 45 days after the end of the lapse period.

Tuition Charges and Fees

13(d) No instances of tuition being diverted to auxiliary enterprise operations were noted.

Auxiliary Enterprises, Activities and Accounting Entities

13(e) Identification of each specific accounting entity and descriptions of the sources of revenue and purpose of each are presented in this report on page 79.

13(f) Entity financial statements are presented on pages 80 and 81 of this report. The entity financial statements should be read in conjunction with the University’s audited financial statements for the year ended June 30, 2016.

13(g) The University’s calculation sheet for current excess funds is presented in this report on page 78. The excess funds were deposited to the Income Fund within 45 days after the end of the lapse period.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

Special Data Requirements for Audits of Universities (Unaudited)

For the Year Ended June 30, 2016

University Reporting in Accordance with University Guidelines (Unaudited), Continued

Auxiliary Enterprises, Activities and Accounting Entities (Continued)

- 13(h) Support received by Auxiliary Enterprises from State appropriated funds for retirement and group insurance benefits amounted to approximately \$175,395 and \$602,651, respectively, for the year ended June 30, 2016.
- 13(i) A Statement of Revenues, Expenses, and Changes in Net Position for Various Bond Indenture Required Accounts is presented on page 41 of the financial audit report.
- 13(j) The revenue bond fund accounting conforms to the terms of the bond issue, including all covenants thereto.
- 13(k) A list and description of non-instructional facilities reserves are presented on page 62 of the financial audit report.

University Related Organizations

- 13(l) The University recognizes the Northeastern Illinois University Foundation (the "Foundation") as University related organization. The University has designated no organization as "Independent Organizations" as defined in Section VII of the *University Guidelines*.
- 13(m) The Foundation does not pay the University for services provided. Compensation is in the form of University support. See page 97 of this report for details related to services and support provided.
- 13(n) The University does not pay the Foundation for services provided. Compensation is in the form of services and facilities provided. See footnote 8 on page 47 of the financial audit report for details related to services and support provided.
- 13(o) At June 30, 2016, there was no unreimbursed subsidies to the Foundation from the University or appropriated funds.
- 13(p) There is no debt financing provided by the Foundation.

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

Special Data Requirements for Audits of Universities (Unaudited)

For the Year Ended June 30, 2016

University Reporting in Accordance with University Guidelines (Unaudited), Continued

Other Topics

- 13(q) Schedules of cash and cash equivalents held by the University are presented in the Analysis of Significant Account Balances section of this report on pages 70 to 71, and in footnote 2 on pages 32 to 35 of the financial audit report.
- 13(r) Income from the investment of pooled funds is credited to the University's Income Fund. Income from the investment of non-pooled funds is credited to the fund making the investment.
- 13(s) Costs per full-time equivalent student are presented on page 89 of this report.
- 13(t) Acquisitions of real estate in excess of \$250,000 by the University during the year ended June 30, 2016 that were not funded by a separate appropriation specifically identifying the particular acquisition are presented on page 98 of this report.
- 13(u) The University's certificates of participation are presented in footnote 6 on pages 43 to 46 of the financial audit report.

STATE OF ILLINOIS
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ANALYSIS OF OPERATIONS (UNAUDITED), Continued

Special Data Requirements for Audits of Universities (Unaudited)
For the Year Ended June 30, 2016

Schedule of Tuition and Fee Waivers (Unaudited)

	Undergraduate				Graduate			
	Tuition Waivers		Fee Waivers		Tuition Waivers		Fee Waivers	
	Number of Recipients	Value of Waivers <i>(in thousands)</i>	Number of Recipients	Value of Waivers <i>(in thousands)</i>	Number of Recipients	Value of Waivers <i>(in thousands)</i>	Number of Recipients	Value of Waivers <i>(in thousands)</i>
Mandatory Waivers								
Teacher Special Education	7	\$ 58.8	7	\$ 3.6	18	\$ 85.1	18	\$ 5.2
ROTC	9	65.5	9	4.0	-	-	-	-
DCFS	6	33.1	6	2.0	-	-	-	-
Children of Employees	40	117.0	-	-	-	-	-	-
Senior Citizens	4	13.2	-	-	-	-	-	-
Veterans Grants and Scholarships	189	850.0	189	52.0	54	141.6	54	8.7
	<u>255</u>	<u>1,137.6</u>	<u>211</u>	<u>61.6</u>	<u>72</u>	<u>226.7</u>	<u>72</u>	<u>13.9</u>
Discretionary Waivers								
Faculty/Administrators	-	-	-	-	7	9.4	7	0.6
Civil Service	41	111.7	41	6.8	110	269.7	110	16.5
Academic/Other Talent	530	1,166.6	-	-	206	236.7	-	-
Foreign Exchange Students	56	575.6	56	35.2	11	87.3	11	5.3
Student Need-Financial Aid	-	-	-	-	11	19.7	-	-
Student Need-Special Programs	128	157.7	-	-	-	-	-	-
Cooperating Professionals	2	3.8	-	-	-	43.1	-	-
Research Assistants	-	-	-	-	24	76.5	24	4.7
Teaching Assistants	-	-	-	-	49	168.1	49	10.3
Other Assistants	-	-	-	-	46	230.3	46	14.1
Interinstitutional/Related Agencies	33	128.0	33	7.8	-	-	-	-
Contract/Training Grants	-	-	-	-	30	162.4	30	9.9
	<u>707</u> *	<u>2,143.4</u>	<u>130</u>	<u>49.8</u>	<u>494</u>	<u>1,303.2</u>	<u>277</u>	<u>61.4</u>
Total	<u>962</u>	<u>\$ 3,281.0</u>	<u>341</u>	<u>\$ 111.4</u>	<u>566</u>	<u>\$ 1,529.9</u>	<u>349</u>	<u>\$ 75.3</u>

* Each recipient is only counted once in each category total even if they receive multiple different program waivers in the same category.
The count totals only count the recipient one time so these numbers may not total.

Tuition and Fee Waiver Report submitted to the Illinois Board of Higher Education (IBHE) covers data for Academic Year 2015-2016.

**STATE OF ILLINOIS
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ANALYSIS OF OPERATIONS (UNAUDITED), Continued

Special Data Requirements for Audits of Universities (Unaudited)
For the Year Ended June 30, 2016

Summary of Foundation Payments to the University (Unaudited)

During Fiscal Year June 30, 2016, the University engaged the Foundation, under contract, to provide fundraising services. As provided in the contract agreement, the University advanced \$0 in funds and provided an additional \$108,544 of services to the Foundation. As required by the contract, the Foundation repaid the University, using funds considered unrestricted for purposes of the University Guidelines computations. In addition, the Foundation gave the University non-qualifying restricted funds. Presented below is a summary of all funds that the Foundation gave to the University during the audit period:

Funds considered unrestricted for purposes of the University Guidelines computations:	
Restricted only as to campus, college, or department and generally available for ongoing University operations:	
Given to specific departments	\$ 454,681
Funds considered restricted for purposes of the Guidelines computations:	
Given for scholarships, grants, and awards	<u>890,667</u>
Total Funds provided to the University by the Foundation	1,345,348
The Foundation also provided fundraising activities for the University. The value of the activities on a time and material basis were:	
Fundraising and special events expenses	<u>-</u>
Total financial and service support	<u>\$ 1,345,348</u>

**STATE OF ILLINOIS
NORTHEASTERN ILLINOIS UNIVERSITY**

ANALYSIS OF OPERATIONS (UNAUDITED), Continued

Special Data Requirements for Audits of Universities (Unaudited)

For the Year Ended June 30, 2016

Schedule of Real Estate Acquisitions in Excess of \$250,000 (Unaudited)

University Guidelines require that the University report annually on the acquisition of real estate costing in excess of \$250,000, and not funded by a separate appropriation specifically identifying the particular acquisition. During the Fiscal Year ended June 30, 2016, the University made the following purchases:

<u>Land Value</u>	<u>Building Value</u>	<u>Total</u>	<u>Property Description</u>
\$ 1,711,381	\$ 3,916,119	\$ 5,087,500	Bryn Mawr Avenue Properties