



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

NORTHEASTERN ILLINOIS UNIVERSITY

Financial Audit
For the Year Ended June 30, 2020

Release Date: May 25, 2021

FINDINGS THIS AUDIT: 3	AGING SCHEDULE OF REPEATED FINDINGS			
	Repeated Since	Category 1	Category 2	Category 3
Category 1:				
Category 2:				
Category 3:				
TOTAL				

	New	Repeat	Total
Category 1:	1	0	1
Category 2:	2	0	2
Category 3:	0	0	0
TOTAL	2	0	3

FINDINGS LAST AUDIT: 0

No Repeat Findings

INTRODUCTION

This digest covers the Northeastern Illinois University's (University) Financial Audit as of and for the year ended June 30, 2020. A separate digest covering the University's Compliance Examination (including the Single Audit) for the year ended June 30, 2020 will be released under a separate cover.

SYNOPSIS

- **(20-01)** The University did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits was complete and accurate.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

NORTHEASTERN ILLINOIS UNIVERSITY
FINANCIAL AUDIT
For the Year Ended June 30, 2020

STATEMENT OF NET POSITION	2020	2019
Assets and Deferred Outflows of Resources		
Cash and cash equivalents.....	\$ 64,448,295	\$ 64,210,059
Accounts and student loan receivables, net.....	21,956,447	16,549,979
Capital assets.....	178,237,114	183,798,482
Inventories, prepaid expenses, and other assets.....	1,785,503	1,984,862
Pension.....	1,014,234	981,867
Other postemployment benefits.....	2,617,250	1,120,061
Total Assets and Deferred Outflows of Resources.....	270,058,843	268,645,310
Liabilities and Deferred Inflows of Resources		
Accounts payable and accrued liabilities.....	8,879,847	8,756,048
Unearned revenues.....	1,445,435	1,586,695
Liability for compensated absences.....	6,625,556	6,199,340
Revenue bonds payable, net.....	13,728,638	14,359,924
Certificates of participation, net.....	35,925,044	37,776,847
Other postemployment benefits.....	41,255,819	38,289,053
Other liabilities.....	1,003,794	508,199
Concession arrangement.....	29,848,601	30,705,499
Other postemployment benefits, deferred.....	4,130,164	4,985,311
Total Assets and Deferred Outflows of Resources.....	142,842,898	143,166,916
Net Position		
Net investment in capital assets.....	103,289,616	106,184,937
Restricted, expendable.....	7,586,879	8,787,344
Unrestricted.....	16,339,450	10,506,113
Total Net Position.....	\$ 127,215,945	\$ 125,478,394
REVENUES, EXPENSES, AND CHANGES IN NET POSITION	2020	2019
Revenues		
Tuition and fees, net.....	\$ 46,023,206	\$ 47,566,399
State appropriations.....	35,566,900	33,873,200
Federal grants and contracts or other revenue.....	32,299,526	31,846,611
State and local grants or other revenue.....	58,919,232	51,803,721
Nongovernmental grants and contracts or other revenue.....	780,767	937,385
Auxiliary enterprises.....	1,733,222	2,609,726
Other.....	3,820,569	4,094,276
Total	179,143,422	172,731,318
Expenses		
Instruction.....	81,570,022	77,405,673
Research and public service.....	13,729,208	16,032,571
Academic support.....	9,570,761	8,866,399
Student services.....	12,717,099	12,382,743
Institutional support.....	18,074,252	17,405,790
Student aid.....	8,942,680	6,471,304
Auxiliary enterprises.....	6,607,983	6,686,704
Other.....	26,193,866	24,755,662
Total	177,405,871	170,006,846
Change in net position.....	\$ 1,737,551	\$ 2,724,472
PRESIDENT		
During Audit Period: Dr. Gloria Gibson		
Currently: Dr. Gloria Gibson		

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**INADEQUATE INTERNAL CONTROLS OVER
CENSUS DATA**

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

During testing, some of the more significant issues we noted included the following:

University did not perform an initial reconciliation of its census data

- The University had not performed an initial complete reconciliation of its census data recorded by SURS and CMS to its internal records to establish a base year of complete and accurate census data.

Four of seven (57%) employees had the end date of a leave of absence untimely reported

- We performed an analysis of transactions reported by the University to SURS during the census data accumulation period throughout Fiscal Year 2018, noting four of seven (57%) employees with a return from a leave of absence had the end date of the leave of absence untimely reported to SURS by the University. SURS determined the total potential impact to each of these employees' total service credit was it could be off by one-half to 6 years.

Eight employees' termination or rehire date(s) were untimely reported

- As of the end of the census data accumulation year on June 30, 2018, we identified eight employees where each employee's associated termination or rehire date(s) had been untimely reported to SURS. SURS determined these errors resulted in the employees being misclassified between the active, retired, and inactive member categories within SURS. The total potential impact to each former employee's total service credit was it could be off between 0.0 and 1.75 years (Finding 1, pages 74-78)

We recommended the University implement controls to ensure census data events are timely and accurately reported to SURS and CMS. Further, we recommended the University work with SURS and CMS to develop an annual reconciliation process of its active members' census data from its underlying records to a report from each plan of census data submitted to the plan's actuary.

University officials agreed

University officials agreed with our recommendation.

OTHER FINDINGS

The remaining findings pertain to weaknesses in computer security and lack of adequate controls over review of service providers. We will review the University's progress towards the implementation of our recommendations in our next financial audit.

AUDITOR'S OPINION(S)

The auditors stated the financial statements of the University as of and for the year ended June 30, 2020, are fairly stated in all material respects.

This financial audit was conducted by Roth & Co. LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JGR