



STATE OF ILLINOIS
**OFFICE OF THE
 AUDITOR GENERAL**

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

NORTHERN ILLINOIS UNIVERSITY

Single Audit and State Compliance Examination
 For the Year Ended June 30, 2015

Release Date: March 24, 2016

FINDINGS THIS AUDIT: 10	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2014		15-6, 15-7, 15-8, 15-9	
Category 2:	3	7	10	2012		15-5	
Category 3:	0	0	0	2011		15-1	
TOTAL	3	7	10	2005		15-4	
FINDINGS LAST AUDIT: 9							

SYNOPSIS

- (15-6) The University completed inaccurate TA-2 Forms. The University also improperly reimbursed an employee for travel to and from headquarters during fiscal year 2014 and did not recoup any of the disbursements until fiscal year 2016.
- (15-10) The University failed to comply with the requirements applicable to its property and equipment.

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.

{Financial data is summarized on the next page.}

NORTHERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION AND SINGLE AUDIT
For the Year Ended June 30, 2015

COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENSES	FY 2015	FY 2014
INCOME FUND REVENUES		
Tuition, net of waivers.....	\$ 153,511,711	\$ 149,997,163
Material fees.....	7,880,215	7,948,370
Other.....	2,105,688	1,955,274
Total Revenues.....	<u>\$ 163,497,614</u>	<u>\$ 159,900,807</u>
INCOME FUND EXPENSES		
Personal services.....	\$ 84,201,999	\$ 89,284,746
FICA/Medicare.....	2,550,579	2,386,535
Contractual services.....	33,191,030	34,670,280
Travel.....	738,015	1,420,249
Commodities.....	2,970,530	2,817,444
Awards/grants and matching funds.....	7,698,700	7,516,421
Equipment and library books.....	8,739,306	20,634,840
Telecommunications.....	734,841	522,708
Automotive.....	492,737	644,207
Capital repairs and permanent improvements.....	2,605,897	1,253,785
CMS health insurance.....	1,770,650	1,204,000
Unemployment compensation benefits.....	42,097	63,228
Total Expenses.....	<u>\$ 145,736,381</u>	<u>\$ 162,418,443</u>
EMPLOYMENT STATISTICS (UNAUDITED)		
Faculty and Administrative.....	2,324	2,335
Civil Service.....	1,394	1,461
Student Employees.....	488	435
Miscellaneous contracts.....	181	201
Total Employees.....	<u>4,387</u>	<u>4,432</u>
ENROLLMENT STATISTICS (UNAUDITED)		
Fall term enrollment.....	17,148	17,511
Spring term enrollment.....	15,674	15,862
PRESIDENT		
During Examination Period and Current: Dr. Douglas D. Baker		

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

NEED TO PROPERLY COMPLETE TA-2 FORMS

The University submitted incomplete TA-2 forms to the Legislative Audit Commission (Commission). The University also improperly reimbursed an employee for travel to and from headquarters during fiscal year 2014 and did not recoup any disbursements until fiscal year 2016.

TA-2 forms are filed semi-annually with the Commission to report when the official headquarters of an employee differs from the location the employee performs most of his/her official duties and the reason for the difference. Northern Illinois University has each of its departments complete a TA-2 form listing the employees within the department meeting this criterion for filing with the Commission. Out of the 80 TA-2 forms tested, we noted the following errors:

Incomplete and untimely reporting

- 1 form (1%) was submitted to the Commission a day after the due date.
- 1 form (1%) did not specify the official headquarters of the employees listed on the form and why it would differ from where they performed a majority of their official duties.
- 2 forms (3%) did not include the last four digits of an employee's social security number.

Improper reimbursement occurred in FY 14

During our testing of travel expenditures in fiscal year 2014 we noted that \$31,945 of the \$46,501 tested (69%) were reimbursements to an employee for travel between the employee's home and the official headquarters listed on the TA-2 forms. Travel expenses between an employee's official headquarters and home are automatically considered unreimbursable. It was recommended that the University recoup this improper disbursement, but an agreement with the employee was not reached until fiscal year 2016 at which point \$17,515 (55%) was returned to the University. (Finding 6, pages 22-23)

Agreement with the employee was not reached until FY 16

We recommended the University implement procedures so that all required fields of the TA-2 forms are accurately completed prior to the filing of the forms with the Commission.

University agrees with auditors

University officials accepted the recommendation and stated they have amended procedures to provide additional training to departments on accurate completion of TA-2 forms and timely follow-up on incomplete submissions.

INADEQUATE CONTROLS OVER PROPERTY AND EQUIPMENT

Northern Illinois University (University) did not fully comply with requirements applicable to its property and equipment.

The following are some of the items we noted during our testing of the University's property and equipment:

244 items totaling \$322,539 could not be located by the University

- We reviewed the University's property inventory certification as of January 8, 2015 that was submitted to the Department of Central Management Services (DCMS). The inventory certification to DCMS reported 244 items (\$322,539) of equipment that could not be located by the University. These assets were acquired by the University during the current as well as past fiscal years. Included in this listing were approximately 57 computers, servers, CPUs, or other electronic storage devices.
- We also noted the University filed amended Agency Reports of State Property (C-15) in September 2015 for all four quarters of fiscal year 2015 to correct errors in the reported additions to construction in progress. When we tested the amended C-15s however, we noted that there were still errors in the reported amounts of construction in progress as additions were being reported a quarter after the addition occurred. This caused reported additions to construction in progress to be over/ (under) stated by approximately (\$711,034), (\$1,610,724), \$193,804, and \$2,165,672 during quarters one through four respectively on the C-15 reports. (Finding 10, pages 29-30).

Amended C-15 reports still had errors

We recommended the University strengthen its internal controls over the accountability of University property and equipment. We also recommended the University implement procedures to ensure the accuracy of its quarterly property reporting to the Comptroller's office.

University agrees with auditors

University officials accepted the recommendation and stated they will review its processes, amend procedures to strengthen control over University assets, and retrain staff to ensure accurate quarterly reporting.

OTHER FINDINGS

The remaining findings are reportedly being given attention by University officials. We will review progress toward implementation of our recommendations in our next audit.

AUDITOR'S OPINION

The financial audit report was previously released. The auditors stated the financial statements of Northern Illinois University as of and for the year ended June 30, 2015, are fairly stated in all material respects.

The auditors also conducted a Single Audit of the University as required by OMB Circular A-133. Our auditors stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2015.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the University for the year ended June 30, 2015, as required by the Illinois State Auditing Act. The auditors stated the University complied, in all material respects, with the requirements described in the report.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:TLK

SPECIAL ASSISTANT AUDITORS

RSM US LLP were our Special Assistant Auditors for this engagement.