



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**NORTHEASTERN ILLINOIS UNIVERSITY**

Single Audit and State Compliance Examination  
 For the Year Ended June 30, 2014

Release Date: March 26, 2015

FINDINGS THIS AUDIT: 15	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	2	0	2			14-5, 14-10,	
Category 2:	5	8	13	2013		14-11, 14-12,	
Category 3:	0	0	0			14-15	
TOTAL	7	8	15	2010		14-7, 14-8	
				2005		14-13	
FINDINGS LAST AUDIT: 14							

**INTRODUCTION**

This digest covers our Single Audit and Compliance Examination of Northeastern Illinois University for the year ended June 30, 2014. A separate Financial Audit as of and for the year ending June 30, 2014, was previously released on January 29, 2015. In total, this report contains 15 findings, three of which were reported in the Financial Audit.

**SYNOPSIS**

- (14-04) The University's cash balance for the Federal Direct Loan Program was not reconciled on a monthly basis.
- (14-05) The University inaccurately reported on the participants of the TRIO program cluster in the program's performance report.
- (14-10) The University did not comply with the requirements of the Abused and Neglected Child Reporting Act.
- (14-11) The University lacked adequate internal controls regarding background checks for employees in security sensitive positions.
- (14-12) Reviews of all major systems were not performed by the University's internal audit program within the required timeframe.

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

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

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

{Financial data is summarized on the reverse page.}

**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SINGLE AUDIT AND COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2014**

<b>INCOME FUND REVENUES AND EXPENDITURES</b>	<b>2014</b>	<b>2013</b>
<b>Income Fund Revenues</b>		
Tuition.....	\$ 57,573,582	\$ 59,332,767
Rental Income.....	60,312	50,789
Investment Income.....	70,355	105,963
Miscellaneous.....	346,073	3,351,663
Total Income Fund Revenues.....	\$ 58,050,322	\$ 62,841,182
<b>Income Fund Expenditures</b>		
Personal Services (including change in accrued compensated absences).....	\$ 34,313,669	\$ 32,346,527
Social Security, Medicare, Health and Life Insurance.....	935,953	1,071,439
Contractual Services.....	10,556,728	8,703,953
Travel .....	342,928	356,907
Commodities.....	1,239,278	1,159,155
Equipment and Library Books.....	2,513,722	2,443,250
Telecommunications.....	430,448	361,752
Operation of Automotive.....	38,350	29,033
Awards, Grants and Matching Funds.....	1,329,234	1,091,837
Permanent Improvements.....	5,695,136	55,102
Tuition and Fee Waivers.....	3,504,755	3,809,857
Total Income Fund Expenditures.....	\$ 60,900,201	\$ 51,428,812
<b>SUPPLEMENTARY INFORMATION (UNAUDITED)</b>		
<b>Employment Statistics</b>		
Administration .....	327	323
Faculty.....	560	601
Civil Service.....	601	598
Students.....	399	430
Total Employees.....	1,887	1,952
<b>Selected Activity Measures</b>		
Average Annual Full-time equivalent students.....	7,477	8,004
Full-time equivalent cost per student - Undergraduate.....	\$ 11,166	\$ 9,622
Full-time equivalent cost per student - Graduate.....	\$ 16,056	\$ 13,162
<b>PRESIDENT</b>		
During Audit Period and Currently: Dr. Sharon K. Hahs		

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**NEED TO RECONCILE FEDERAL DIRECT STUDENT  
LOAN PROGRAM CASH BALANCE**

The University did not reconcile its cash balance for the Federal Direct Student Loan Program on a monthly basis.

**Federal Direct Loan Program reconciliations lacked consistent documentation**

During our testing of compliance requirements, we requested monthly reconciliations of the University's Direct Loan records to the ending cash balance on the School Account Statements (SAS) provided by the Common Origination and Disbursement System. Although the University was able to provide evidence that it had separately analyzed components of the SAS, the University could not provide us with consistent documentation of reconciliation of the cash balance to University records. (Finding 4, Pages 22-23)

We recommended the University properly reconcile its cash balance for the Federal Direct Loan Program on a monthly basis and maintain sufficient documentation to support the performance of the reconciliation procedures.

**University agrees with auditors**

University officials agreed with the finding and recommendation.

**TRIO REPORTING INACCURACIES**

**Inaccurate reporting**

The University did not accurately report on the participants of the TRIO program cluster in the program's annual performance report.

In our testing of performance data reported for 40 TRIO program participants we noted:

- Two eligible participants were reported under incorrect eligibility classifications.
- One participant's enrollment date at the University was reported incorrectly. (Finding 5, Pages 24-25)

We recommended the University review its procedures to ensure that the program information is being accurately reported.

**University agrees with the auditors**

University officials agreed with the finding and recommendation.

**IMPROVEMENTS NEEDED TO COMPLY WITH THE  
ABUSED AND NEGLECTED CHILD REPORTING ACT**

The University did not have adequate policies in place to obtain and retain signed statements to acknowledge that

**Abused and Neglected Child Reporting requirements not followed**

employees understand the reporting requirements under the Abused and Neglected Child Reporting Act.

The Abused and Neglected Child Reporting Act (Act) states that personnel employed by institutions of higher education on and after July 1, 1986 shall 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.

During our testing of 50 employees of the University, we noted that 15 did not have a signed form or proof of a completed training. (Finding 10, Page 33)

We recommended the University review its internal policies and procedures regarding the timely completion of signed statements on abused and neglected child reporting and have all employees comply with the requirements of the Statute.

**University agrees with the auditors**

University officials agreed with the finding and recommendation.

**INADEQUATE CONTROLS OVER BACKGROUND CHECKS**

**Background checks not completed**

The 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 21 employees listed in security sensitive positions and noted that background checks were not completed for 4 of the 21 selected. (Finding 11, Page 34)

We recommended the University continue to review and monitor its internal policies and procedures regarding the timely completion of background checks and complete all required background checks in accordance with the Statute.

**University agrees with the auditors**

University officials agreed with the finding and recommendation.

**UNTIMELY COMPLETION OF INTERNAL AUDITS**

**Not all major systems were audited within the required two year period**

The University internal audit program did not review all major systems within the required time frame.

We noted that the University had not audited all major systems of internal accounting and administrative control within the required two year timeframe. Specifically, we noted the audit of grants and contracts had not been performed

during the prior two fiscal years ending June 30, 2014. The most recent audit was performed on contracts entered into prior to June 30, 2011. The report related to the testing was issued in August 2011. (Finding 12, Page 35)

We recommended the University comply with the Fiscal Control and Internal Auditing Act by ensuring the timely performance of audits over all major systems.

**University agrees with the auditors**

University officials agreed with the finding and recommendation.

**OTHER FINDINGS**

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

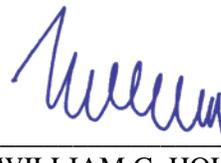
**AUDITOR'S OPINION**

The financial audit report was previously released. The auditors stated the financial statements of the Northeastern Illinois University as of and for the year ended June 30, 2014, 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, 2014.

**ACCOUNTANT'S OPINION**

The accountants conducted a compliance examination of the University for the year ended June 30, 2014, 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.



---

WILLIAM G. HOLLAND  
Auditor General

WGH:TLK

**SPECIAL ASSISTANT AUDITORS**

CliftonLarsonAllen were our special assistant auditors.