



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

NORTHEASTERN ILLINOIS UNIVERSITY

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

Release Date: March 17, 2016

FINDINGS THIS AUDIT: 14				AGING SCHEDULE OF REPEATED FINDINGS			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>	<u>Repeated Since</u>	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>
Category 1:	1	0	1	2014		15-5, 15-12	
Category 2:	4	9	13	2013		15-2, 15-9, 15-10, 15-13	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2010		15-3, 15-4	
TOTAL	5	9	14	2005		15-11	
FINDINGS LAST AUDIT: 15							

INTRODUCTION

This digest covers our Single Audit and Compliance Examination of Northeastern Illinois University for the year ended June 30, 2015. A separate Financial Audit as of and for the year ending June 30, 2015, was previously released on February 4, 2016. In total, this report contains 14 findings, one of which was reported in the Financial Audit.

SYNOPSIS

- (15-02) The University inaccurately reported on the participants of the TRIO program cluster in the program’s performance report.
- (15-09) The University did not comply with the requirements of the Abused and Neglected Child Reporting Act.
- (15-10) The University lacked adequate internal controls regarding background checks for employees in security sensitive positions.
- (15-12) The University did not have adequate controls over 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 reverse page.}

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

INCOME FUND REVENUES AND EXPENDITURES	2015	2014*
Income Fund Revenues		
Tuition.....	\$ 57,947,089	\$ 57,573,582
Rental Income.....	67,095	60,312
Investment Income.....	17,518	70,355
Miscellaneous.....	765,880	2,221,526
Total Income Fund Revenues.....	\$ 58,797,582	\$ 59,925,775
Income Fund Expenditures		
Personal Services (including change in accrued compensated absences).....	\$ 34,709,690	\$ 34,313,669
Social Security, Medicare, Health and Life Insurance.....	1,022,971	935,953
Contractual Services.....	10,740,149	10,556,728
Travel	305,062	342,928
Commodities.....	1,079,126	1,239,278
Equipment and Library Books.....	1,681,998	2,513,722
Telecommunications.....	680,767	430,448
Operation of Automotive.....	37,879	38,350
Awards, Grants and Matching Funds.....	1,569,172	1,329,234
Permanent Improvements.....	13,926,655	5,695,136
Tuition and Fee Waivers.....	3,668,886	3,504,755
Other Expenditures.....	2,012,778	1,875,453
Total Income Fund Expenditures.....	\$ 71,435,133	\$ 62,775,654
* - Certain reclassifications were made to the 2014 amounts to conform to the 2015 presentation		
SUPPLEMENTARY INFORMATION (UNAUDITED)	2015	2014
Employment Statistics		
Administration	322	327
Faculty.....	549	560
Civil Service.....	613	601
Students.....	378	399
Total Employees.....	1,862	1,887
Selected Activity Measures		
Average Annual Full-time equivalent students.....	7,119	7,477
Full-time equivalent cost per student - Undergraduate.....	\$ 11,504	\$ 11,166
Full-time equivalent cost per student - Graduate.....	\$ 15,288	\$ 16,056
PRESIDENT		
During Audit Period and Currently: Dr. Sharon K. Hahs		

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

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 the following:

- Two eligible participants were reported under incorrect dates of first enrollment at the University.
- Two eligible participants were reported under the incorrect eligibility categories. (Finding 2, Page 18)

This finding has been repeated since 2013.

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.. (*For the previous University response, see Digest Footnote #1*)

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

Abused and Neglected Child Reporting requirements not followed

The 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.

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 9, Page 32) **This finding has been repeated since 2013.**

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. *(For the previous University response, see Digest Footnote #2)*

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 43 employees, 25 new hires of the University and 18 active employees in security sensitive positions for testing and noted that background checks were not completed for nine of the active employees and for four of the new hires. (Finding 10, Page 33) **This finding has been repeated since 2013.**

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. We further recommended the University obtain background checks for all active employees who had not received one previously.

University agrees with the auditors University officials agreed with the finding and recommendation. *(For the previous University response, see Digest Footnote #3)*

PROPERTY AND EQUIPMENT CONTROLS NEED IMPROVEMENT

Internal controls over property and equipment need improvement The University did not have adequate controls over its property and equipment.

In our physical identification of 81 items in the property records we noted the following:

Items could not be located

- A cabinet, a keyboard tray, a desk assembly and an external hard drive with a total cost of \$1,062 could not be located. The University did not file a missing asset investigation notice until after the items were requested for observation during the audit.
- Three projectors and a desk were located in different physical locations than those noted on the property control listing.
- Four storage cabinets and a bulletin board were observed by the audit team at the main campus; however, they were listed as scrapped or disposed of in the fixed asset system.

Some items tested were not tagged or tracked on the property reports

- A cabinet, five projectors, six Adams' balances, and a Cavendish balance, each costing over the \$500 threshold for tagging and tracking, with a total cost of \$17,631 had not been tagged or tracked by the University. Furthermore, the assets which had been acquired prior to the University's annual inventory observation with a total cost of \$3,699 were not reported to the Department of Central Management Services. (Finding 12, Pages 35-37)

We recommended the University adhere to its procedures to ensure that property and equipment records are accurately maintained and updated.

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, 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

CliftonLarsonAllen LLP were our Special Assistant Auditors.

DIGEST FOOTNOTES

#1 – TRIO REPORTING

2014 - The University concurs with this finding and recommendation.

#2 – NONCOMPLIANCE WITH ABUSED AND NEGLECTED CHILD REPORTING ACT

2014 - The University concurs with this finding and recommendation.

#3 – NONCOMPLIANCE WITH CAMPUS SECURITY ENHANCEMENT ACT OF 2008

2014 - The University concurs with this finding and recommendation.