

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois

State Compliance Examination

Year Ended June 30, 2025

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

NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois

State Compliance Examination

Year Ended June 30, 2025

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NORTHERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
State Compliance Examination
Year Ended June 30, 2025

UNIVERSITY OFFICIALS

President	Lisa C. Freeman
Executive Vice President and Provost	Laurie Elish-Piper
Vice President for Administration and Finance and Chief Financial Officer	George Middlemist
Vice President for Research and Innovation Partnerships	Richard MocarSKI
Vice President and General Counsel	Bryan Perry
Vice President for Enrollment Management, Marketing and Communications	Sol Jensen
Vice President for Outreach, Engagement and Regional Development	Rena Cotsones
Vice President for University Advancement (through 6/30/25)	Catherine Squires
Vice President for Philanthropy and Alumni Engagement (7/1/25 to present)	Ray Earl-Jackson
Director of Internal Audit (through 8/31/24)	Danielle Schultz
Internal Audit Volunteer Agreement for Interim Period / Assistant Director of Internal Audit (9/1/24 to 9/30/24)	Danielle Schultz / Natalie Hoyt
Executive Director of Internal Auditor and Chief Internal Auditor (10/1/24 to present)	Christine Monteiro

Financial Staff

Controller	Jason Askin
Deputy Controller	Greg Martyn
Financial Reporting Manager	Kathy Marshall

NIU Board Members

Chair	Montel Gayles
Vice Chair	John R. Butler
Secretary	Rita Athas
Trustees	Eric Wasowicz Dennis L. Barsema Veronica Herrero Leland Strom
Student Trustee (7/1/24 to 6/30/25)	Aiden O'Brien
Student Trustee (7/1/25 to present)	James Innis

NIU Office is located at:
300 Altgeld Hall
DeKalb, Illinois 60115



Northern Illinois University

Division of Administration and Finance

May 21, 2026

RSM US LLP
Certified Public Accountants
1450 American Lane, Suite 1400
Schaumburg, IL 60173

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 Northern 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 specified requirements during the one-year period ended June 30, 2025. Based on this evaluation, we assert that during the year ended June 30, 2025, the University has materially complied with the specified requirements listed 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. Other than what has been previously disclosed and reported in the schedule of findings, 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 truly,

Northern Illinois University

SIGNED ORIGINAL ON FILE

Dr. Lisa C. Freeman, President

SIGNED ORIGINAL ON FILE

George Middlemist, Vice President for Administration and Finance and Chief Financial Officer

SIGNED ORIGINAL ON FILE

Bryan Perry, Vice President and General Counsel

NORTHERN ILLINOIS UNIVERSITY
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State Compliance Examination

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State Compliance Report

Summary

The State compliance testing performed during this 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*.

Accountant’s Report

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

Summary of Findings

<u>Number of</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	17	15
Repeated Findings*	11*	9
Prior Recommendations Implemented or Not Repeated	2	8

* Prior period findings 2024-005 and 2024-006 are both repeated in the current period, but were combined and reported as a single finding this year – 2025-001.

* Prior period findings 2024-012 and 2024-013 are both repeated in the current period, but were combined and reported as a single finding this year – 2025-007.

Schedule of Findings

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2025-001	9	2024/2020	Inadequate Internal Controls Over Census Data	Material Weakness and Material Noncompliance
2025-002	12	2024/2021	Inadequate Controls Over User Access	Material Weakness and Material Noncompliance
2025-003	13	2024/2024	Errors in Reporting for NSLDS	Significant Deficiency and Noncompliance
2025-004	15	2024/2024	Internal Controls Over Procurement	Material Weakness and Material Noncompliance

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<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2025-005	17	New	Errors in Verification Reporting	Significant Deficiency and Noncompliance
2025-006	19	New	Inadequate Internal Controls Over Interagency Agreements	Material Weakness and Material Noncompliance
2025-007	20	2024/2024	Weaknesses in Controls and Security Over the System and Confidential Information	Material Weakness and Material Noncompliance
2025-008	21	2024/2005	Failure to Submit Proper Time Reporting	Significant Deficiency and Noncompliance
2025-009	22	2024/2021	Inadequate Controls Over Procurement Card Use	Significant Deficiency and Noncompliance
2025-010	24	2024/2018	Uncompleted Performance Reviews	Significant Deficiency and Noncompliance
2025-011	25	2024/2024	Noncompliance with the State Comptroller Act	Significant Deficiency and Noncompliance
2025-012	26	2024/2024	Weaknesses in Controls Over Contingency Planning	Significant Deficiency and Noncompliance
2025-013	27	2024/2022	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2025-014	29	New	Inadequate Controls Over Voucher Processing	Significant Deficiency and Noncompliance
2025-015	30	New	Noncompliance With the Public Higher Education Act	Significant Deficiency and Noncompliance
2025-016	31	New	Noncompliance With the Preventing Sexual Violence in Higher Education Act	Significant Deficiency and Noncompliance
2025-017	32	New	Improper Controls Over Provisioning of Transfer Accounts	Significant Deficiency and Noncompliance

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Prior Findings Not Repeated

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>
A	33	2024/2023	Financial Statement Errors
B	33	2024/2023	Lease and SBITA

Exit Conference

The University waived an exit conference via email correspondence from Jason Askin, Controller, on May 4, 2026. The responses to the recommendations for findings 2025-001 and 2025-002 were provided by Jason Askin, Controller, via email correspondences on February 13, 2026. The responses to the recommendations for findings 2025-003, 2025-004 and 2025-005 were provided by Jason Askin, Controller, via email correspondences on March 2, 2026. The responses to the recommendations for findings 2025-006 to 2025-017 were provided by Jason Askin, Controller, via email correspondence on May 15, 2026.

Independent Accountant's Report on State Compliance and on Internal Control Over Compliance

Honorable Christopher B. Meister
Auditor General
State of Illinois

and

Board of Trustees
Northern Illinois University

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined Northern Illinois University's (University) compliance with the specified 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, 2025. Management of the University is responsible for the University's compliance with the specified requirements. Our responsibility is to express an opinion on the University's compliance with the specified requirements based on our examination.

The specified requirements are:

- 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 AICPA; 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*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the University complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the University complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the University's compliance with the specified requirements.

Our examination disclosed material noncompliance with the following specified requirement applicable to the University during the year ended June 30, 2025. As described in the accompanying schedule of findings as items 2025-001, 2025-002, 2025-004, 2025-006, and 2025-007, the University had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirement described in the preceding paragraph, the University complied, in all material respects, with the aforementioned requirements during the year ended June 30, 2025. However, the results of our procedures disclosed other instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and which are described in the accompanying schedule of findings as items 2025-003, 2025-005, and 2025-008 through 2025-017.

Government Auditing Standards require the auditor to perform limited procedures on the University's responses to the noncompliance findings identified in our examination described in the accompanying schedule of findings. The University's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing over compliance and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the University's internal control as a basis for designing examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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, noncompliance with the specified requirements on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control described in the accompanying schedule of findings as items 2025-001, 2025-002, 2025-004, 2025-006, and 2025-007 to be material weaknesses.

A significant deficiency in internal control is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness in internal control, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control described in the accompanying schedule of findings as items 2025-003, 2025-005, and 2025-008 through 2025-017 to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the internal control findings identified in our examination described in the accompanying schedule of findings. The University's responses were not subjected to the procedures applied in the examination 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 *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Schaumburg, Illinois
May 21, 2026

State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-001 Inadequate Internal Controls Over Census Data

The Northern Illinois University (University) did not have adequate internal control over reporting its census data to provide assurance that the census data submitted to the State Universities Retirement System (System) and State Employees' Group Insurance Program (Plan) was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or other postemployment benefit (OPEB) plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuations (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the University's employees are members of both the pension plan administered by the System and the Plan sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by the System, along with census data for other participating members provided by the State's four other pension systems, to prepare their projection of the liabilities of the Plan. Finally, the System's actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2023 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2024, which is incorporated into the University's Fiscal Year 2025 financial statements.

During the performance of the census examination, the auditors noted the following:

- While the University had performed an initial complete reconciliation of its census data recorded by the System to its internal records, the University had not fully developed a process to annually obtain from the System the incremental changes recorded by the System in the census data records and reconcile these changes back to the University's internal supporting records.
- During cut-off testing of data transmitted by the University to the System, the auditors identified the following events were reported to the System after the close of the fiscal year in which the event occurred, resulting in inaccurate member status (active or inactive) as of fiscal year-end.
 - o Two new employee hires
 - o One employee going on a leave of absence
 - o Forty-nine employee terminations

The result of the errors above led to contributions due to the plan being understated and inaccurate census data being utilized by the System and the State in the performance of the annual pension and OPEB actuarial valuation processes. The independent actuaries utilized by the System and the State of Illinois for the pension and OPEB plans deemed the errors immaterial to the plan level valuations as a whole.

State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-001 Inadequate Internal Controls Over Census Data (Continued)

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 control to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial and statistical reports.

Additionally, eligibility criteria for participation in the System under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in the System. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less, and is:

1. Not a student employed on a less than full-time temporary basis;
2. Not receiving a retirement or disability annuity from the System;
3. Not on military leave;
4. Not eligible to participate in the Federal Civil Service Retirement System;
5. Not currently on a leave of absence without pay more than 60 days after the termination of the System's disability benefits;
6. Not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hire on or after July 1, 1979;
7. Not a patient in a hospital or home;
8. Not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
9. Not providing military courses pursuant to a federally funded contract where the University has filed a written notice with the System electing to exclude these persons from the definition of employee;
10. Currently on lay-off status of not more than 120 days after the lay-off date;
11. Not on an absence without pay of more than 30 days; and
12. A nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in the System, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to the System. Further, the Code (40 ILCS 5/15-155(b)) requires the University to remit employer contributions to the System reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, we noted participation in the OPEB is derivative of an employee's eligibility to participate in the System, as members of the System participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

Northern Illinois University
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Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-001 Inadequate Internal Controls Over Census Data (Continued)

University officials indicated that the exceptions occurred due to untimely notification of an employee's separation to Human Resource Services. This resulted in delays in processing status changes for employees separating from the University at the end of the fiscal year. The reconciliation of incremental changes was a project initiated by the System. The University was asked to complete it without the ability to plan for the increased capacity and already has been operating with acute staffing constraints. Given these constraints, the project has taken longer than anticipated.

Failure to ensure that complete and accurate census data, as well as employee and employer contributions are reported to the System and the State reduces the overall reliability of the pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. (Finding Code No. 2025-001, 2024-005, 2024-006, 2023-001, 2023-013, 2023-014, 2022-001, 2021-001, 2020-001)

Recommendation:

We recommend the University continue to work with the System to establish the process of annually obtaining from the System the incremental changes recorded in the census data records and reconcile these changes back to the University's internal supporting records. If differences are noted between the University's data and the System's data, these differences should be communicated timely and rectified to ensure the actuarial valuations are using accurate data.

Further, we recommend the University strengthen controls to ensure all events occurring within the census data accumulation year are reported timely to the System so these events can be incorporated into the census data utilized in the annual actuarial valuation process.

University Response:

Accepted. The University will incorporate the need for timely notifications of temporary employees not returning to work to Human Resources in upcoming supervisor training sessions and Human Resource Services' official reminders of business procedures. The University will also explore the option of automating the termination of temporary employees at the end of their contract period. The University has developed a process to annually obtain from the System the incremental changes recorded by the System in the census data records and has reconciled these changes back to the University's internal supporting records. The outstanding reconciliations of incremental changes were all completed by May 30, 2025.

State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-002 Inadequate Controls Over User Access

The Northern Illinois University (University) did not implement or enforce adequate internal controls over users' access to its Financial Management System.

We noted the University has not developed a policy requiring reviews of individual access rights on at least an annual basis.

Additionally, for 2 of 14 terminated users (14%) tested, access was not removed within 2 days as required per University policy. Access for both users was removed 10 days late.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Access Control section, requires entities to develop access provisioning policies and procedures and ensure access is provided on a needed basis and ensure access is appropriate and timely terminated, and access reviews are conducted periodically. Additionally, the University's System Access and Security Policy documents users are required to be removed within 48 hours of their termination date.

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

University officials stated that the exceptions occurred due to untimely notification of an employee's separation to Human Resource Services (HRS) resulting in delays in processing status changes for employees separating from the University at the end of the fiscal year. The University recognizes that there was not previously a uniform method for notifying HRS in a timely manner about employee separations. Current policies and processes do not address an annual review.

Failure to implement or enforce adequate internal controls over users' access and perform periodic reviews could result in unauthorized access and manipulation of data. (Finding Code No. 2025-002, 2024-015, 2023-015, 2022-014, 2021-018)

Recommendation:

We recommend the University perform at least annual user access reviews and ensure timely access removal for separated employees.

University Response:

Accepted. The University will formalize and implement a policy requiring annual user access reviews for the Financial Management System. Additionally, while access provisioning and termination procedures are established within the University's System Access and Security Policy, the University has reinforced procedures for timely notification of employee separations. This includes clarifying departmental responsibilities, reinforcing required timelines, and improving coordination between departments regarding employee separations.

Northern Illinois University
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Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Federal Agency: US Department of Education (ED)

Program Name: Student Financial Assistance Cluster: Federal Direct Student Loans, Federal Pell Grant Program

ALNs: 84.268; 84.063

Award Numbers: P268K171370, P063P161370; Federal Awards Year 2024 – 2025

Questioned Costs: None

Repeat Finding: Yes

2025-003. Finding: Errors in Reporting for NSLDS

Northern Illinois University (University) did not properly report enrollment changes for certain students who received federal student aid to the National Student Loan Data System (NSLDS) and the internal controls in place did not prevent and detect errors.

Condition:

We noted 2 (5%) of 40 students tested in which the University did not report the correct enrollment status to the NSLDS at the Program Level.

The sample was not intended to be, and was not, a statistically valid sample.

Criteria:

The Code of Federal Regulations (34 CFR 685.309) requires enrollment status changes for students to be reported to NSLDS within 30 days or within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status. Regulations require the status to include an accurate effective date.

According to the NSLDS Enrollment Reporting Guide, a student's Program-Level enrollment status should be reported with the same enrollment status as that student's campus-level enrollment status for all programs the student is enrolled in at that location, even if the student is not currently taking coursework that applies to a particular program. If the student has withdrawn or graduated from an academic program, a "terminal enrollment status" of 'W' or 'G,' as appropriate, should be reported for that program, even if the student is still taking coursework applicable to other programs in which the student is enrolled.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure enrollment reporting is completed properly.

Northern Illinois University
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Schedule of Findings (Continued)
For the Year Ended June 30, 2025

2025-003. Finding: Errors in Reporting for NSLDS (Continued)

Cause:

University officials indicated the two exceptions were the result of manual processing errors. Specifically, Program-Level enrollment status updates were not completed for two students who unofficially withdrew.

Effect:

If the NSLDS is not properly updated with the student information by the University, overawards could occur should the student transfer to another institution and the student may not properly enter the repayment period. (Finding Code No. 2025-003, 2024-003)

Recommendation:

We recommend the University review current processes for reporting to NSLDS and implement procedures to ensure submissions are reported timely and accurately.

University Response:

Accepted. The University acknowledges the importance of accurate and timely enrollment reporting to the National Student Loan Data System (NSLDS).

As it relates to the prior year finding and repeat finding status, the University corrected the system configuration issue and provided additional training regarding effective date reporting requirements. The exceptions identified in the current year were unrelated to the prior system logic issue and instead resulted from manual processing errors involving Program-Level updates for unofficial withdrawals.

The University will review and strengthen its current enrollment reporting procedures to ensure Program-Level updates are completed consistently, particularly in cases involving unofficial withdrawals. The University will develop a batch reporting process for unofficial withdrawals to facilitate accurate enrollment reporting at both the program and campus level. Additional verification steps will be implemented prior to submission to confirm that both campus-level and program-level enrollment statuses are properly updated. The University will also reinforce staff training related to NSLDS reporting requirements and enhance supervisory review procedures to reduce the risk of similar errors occurring in the future.

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Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Federal Agency: US Department of Education (ED)

Program Names: Fund for the Improvement of Postsecondary Education; Special Education – Personnel Development to Improve Services and Results for Children with Disabilities; Child Care Access Means Parent in Schools

ALNs: 84.116; 84.325K; 84.335

Award Numbers: P116Z230260; H325K180006; P335A220131; Federal Awards Year 2024 – 2025

Questioned Costs: None

Repeat Finding: Yes

2025-004. Finding: Internal Controls Over Procurement

Northern Illinois University (University) included incorrect documentation within purchase requisition forms for small purchases and simplified acquisition procurement transactions at the time of approval of the purchase which did not allow a reviewer to determine the appropriateness of the procurement method.

Condition:

Three (100%) of three small purchase procurement transactions tested in the Fund for the Improvement of Postsecondary Education program were approved based on a form that summarized the incorrect procurement method. The University incorrectly indicated on a small purchase waiver form that the transactions were exempt from procurement under the Illinois Procurement Code (30 ILCS 500 / 1-13(b)(8)).

One (100%) of one transaction tested meeting the simplified acquisition threshold in the Fund for the Improvement of Postsecondary Education program was approved based on a form that summarized the incorrect procurement method. The University incorrectly utilized a small purchase waiver form to indicate that the transaction was exempt from procurement under the Illinois Procurement Code (30 ILCS 500 / 1-13(b)(8)).

One (50%) of two small purchase procurement transactions tested in the Special Education – Personnel Development to Improve Services and Results for Children with Disabilities program was approved based on a form that summarized the incorrect procurement method. The University incorrectly indicated on a small purchase waiver form that the transaction was exempt from procurement under the Illinois Procurement Code (30 ILCS 500 / 1-13(b)(8)).

One (50%) of two small purchase procurement transactions tested in the Child Care Access Means Parents in School program was approved based on a form that summarized the incorrect procurement method. The University incorrectly indicated on a small purchase waiver form that the transaction was exempt from procurement under the Illinois Procurement Code (30 ILCS 500 / 1-13(b)(8)).

One (100%) of one transaction tested meeting the simplified acquisition threshold in the Child Care Access Means Parents in School program was approved based on a form that summarized the incorrect

State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

2025-004. Internal Controls Over Procurement (Continued)

procurement method. The University incorrectly indicated on a small purchase waiver form that the transaction was exempt from procurement under the Illinois Procurement Code (30 ILCS 500 / 1-13(b)(8)).

Based on additional information provided to us during our testing, the University did have other documentation to support the history of the procurement, including rationale for the method of procurement, and there were no indications that procurement methods used were inappropriate.

The sample was not intended to be, and was not, a statistically valid sample.

Criteria:

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure procurement procedures are properly followed and support is properly maintained as required by 2 CFR 200.318.

Cause:

University officials stated that insufficient training on procurements subject to 2 CFR 200 lead to the incorrect documentation on the purchase requisition documentation.

Effect:

If the purchase requisition forms contain an incorrect rationale for the procurement method selected, the University could approve payments of federal funds to vendors that do not meet federal regulations. (Finding Code No. 2025-004, 2024-004)

Recommendation:

We recommend the University review current processes for small purchases and simplified acquisition transactions to ensure purchase requisition forms are completed correctly.

University Response:

Accepted. The University implemented revised procedures and targeted training in April 2025 to strengthen compliance with the 2 CFR 200 procurement requirements. The transactions identified in the condition occurred prior to full implementation and corrective action. The University will continue to monitor procurement processes to ensure accurate and complete documentation of the procurement method selected.

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State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Federal Agency: US Department of Education (ED)

Program Name: Student Financial Assistance Cluster: Federal Pell Grant Program

ALN: 84.063

Award Number: P063P161370; Federal Awards Year 2024 – 2025

Questioned Costs: None

Repeat Finding: No

2025-005. Finding: Errors in Verification Reporting

Northern Illinois University (University) did not properly code the verification status in the Common Origination and Disbursement (COD) System for students who were disbursed Pell Grant funds and later selected for verification, and the internal controls in place did not prevent and detect the exceptions.

Condition:

As part of verification requirements, the University is required to obtain acceptable documentation to verify the information required for the Verification Tracking Group to which the applicant is assigned; match information on the documentation to the student aid application; if necessary, submit data corrections to the Free Application for Federal Student Aid (FAFSA) Processing System and recalculate awards and; correctly code the student's verification status in the COD System for Pell Grants.

We noted 6 (24%) of 25 students tested who had been selected for verification for which the verification status code was not correctly coded in COD after the verification procedures were completed.

The sample was not intended to be, and was not, a statistically valid sample.

Criteria:

Under 34 CFR 668.51 – 668.61, a school is required to complete the verification of information submitted by an applicant on the FAFSA if the application has been selected for verification. When a Pell Grant is disbursed, the school must report the student's verification status through the COD System.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure verification status codes are properly reported.

Cause:

University officials stated that for students who were selected for verification after disbursements were made, the University's existing procedures did not include a process to ensure verification status changes were properly updated and transmitted to the COD System after verification was completed.

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State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

2025-005. Finding: Errors in Verification Reporting (Continued)

Effect:

If the COD System is not properly updated with verification status by the University, there could be overpayments of student aid. (Finding Code No. 2025-005)

Recommendation:

We recommend the University review current processes for reporting verification status to the COD System and implement procedures to ensure all verification statuses are reported.

University Response:

Accepted. University procedures have been updated to ensure verification status updates are properly transmitted to the COD System upon completion of verification for students who were disbursed Pell Grant funds and were later selected for verification. Relevant staff have been trained in the revised procedures. Additionally, the University implemented a process to periodically review records and confirm that verification statuses are accurately reflected in the COD System. All affected student records have been reviewed. It has been confirmed in the National Student Loan Data System (NSLDS) that none of the reported statuses resulted in overpayment.

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State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-006 Inadequate Internal Controls Over Interagency Agreements

Northern Illinois University (University) did not ensure that interagency agreements were signed by the appropriate parties and agreed to in a timely manner.

During our testing of 11 interagency agreements, we noted five (45%) were signed by the appropriate parties between 10 to 148 days after the agreement start date.

The State Finance Act (30 ILCS 105/9.02) requires each State agency to develop and implement procedures to ensure the necessary signatures or approvals are obtained for any new contract or contract renewal meeting the applicable statutory threshold.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to maintain a system, or systems, of internal fiscal and administrative controls. Effective controls should include procedures to ensure contracts are properly approved and fully executed prior to performance.

The University's Contracts Procedures, Section F, requires that, after all appropriate approvals to a contract have been received and documented and the parties are in mutual agreement, all parties must fully execute the contract prior to performance.

University officials stated that there was delayed coordination between stakeholders, including external university partners.

Failure to execute interagency agreements prior to the agreement start date may result in services being performed without appropriate authorization. (Finding Code No. 2025-006)

Recommendation:

We recommend the University implement procedures to ensure agreements are executed by the appropriate parties in a timely manner prior to the agreement start date.

University Response:

Accepted. The University has developed and implemented procedures to provide guidance to University stakeholders regarding contract workflow processes and to ensure contracts are executed prior to start of performance. University will continue to communicate and reinforce these procedures with stakeholders.

State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-007 Weaknesses in Controls and Security Over the System and Confidential Information

Northern Illinois University (University) had not implemented adequate controls and security over the Information Technology (IT) environment and confidential information.

During the examination of the University's security and control of confidential information, it was noted:

- 31 out of 60 (52%) servers tested did not have anti-virus enabled.
- 47 out of 60 (78%) devices tested were not encrypted.
- 17 out of 60 (28%) media devices tested were not properly disposed. We determined during our testing that the devices were not tagged; therefore, their disposal was not tracked.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, System Information and Integrity (SI-3, SI-4) and Program Management (PM-5) sections, require entities to develop controls for malicious code protection mechanisms (signature or non-signature based), and system monitoring, and to establish a system inventory for management and reporting.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by National Institute of Standards and Technology, Media Production (MP-5, MP-6) and System and Communication Protection (SC-28) sections, require entities to develop controls for the protection and confidentiality and integrity of information processed, in transit, and at rest utilizing encryption techniques and tracking of media destruction. Additionally, the Data Security on State Computers Act (20 ILCS 450) requires that before State-owned computers or electronic data processing equipment are sold, donated, or transferred, agencies must ensure that all data and software are permanently removed.

University officials stated that hardware limitations, incompatible software, and a decentralized IT environment makes it difficult to ensure all computing items are up to date, resulting in noted exceptions.

Failure to have anti-virus enabled on all servers might result in servers not being secured and exposed to inappropriate activity. In addition, failure to have devices encrypted and properly disposed of in a timely manner may result in confidential or personal information not being adequately protected. (Finding Code No. 2025-007, 2024-012, 2024-013)

Recommendation:

We recommend the University implement controls to ensure that anti-virus status is enabled and trackable for all devices. We also recommend the University implement controls to monitor the encryption and disposal of all its devices.

University Response:

Accepted. The University will review the base configuration of servers and workstations to ensure that they meet recommended best practices and the University's requirements. Additionally, the University will review, and update processes and guidelines related to the equipment lifecycle to strengthen controls over encryption and disposal of devices.

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Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-008 Failure to Submit Proper Time Reporting

Northern Illinois University (University) did not require all employees to submit time sheets, as required by the State Officials and Employees Ethics Act.

During our testing of 60 employees, we noted that 13 faculty employees (22%) did not submit time sheets documenting time spent each day on official State business to the nearest quarter hour.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430) requires the University to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5 (c)) further states, "The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour."

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. Effective internal controls should ensure compliance with the Act and appropriate review of time sheets.

This finding was first noted during the examination of the year ended June 30, 2005. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated the University has a system in place that captures time worked as required by the State Officials and Employees Ethics Act for salaried supportive professional staff and civil service employees.

By not requiring appropriate time sheets from all its employees, the University lacks complete documentation of the time spent by faculty and staff on official State business as contemplated by the Act. (Finding Code No. 2025-008, 2024-007, 2023-008, 2022-004, 2021-006, 2020-006, 2019-004, 2018-005, 2017-009, 2016-009, 2015-004, 2014-003, 2013-004, 12-6, 11-3, 10-1, 09-4, 08-4, 07-7, 06-4, 05-6)

Recommendation:

We recommend the University continue its efforts to develop and implement a program to require all employees to submit time sheets in accordance with the Act.

University Response:

Accepted. The University is in the process of implementing a digital timekeeping solution and intends to ensure all employees report time in accordance with the State Officials and Employees Ethics Act. Additionally, the University will continue to work with legislators on a legislative solution addressing the time reporting requirements of the State Officials and Employees Ethics Act for faculty and graduate assistants.

State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-009 Inadequate Controls Over Procurement Card Use

Northern Illinois University (University) has not established adequate controls over its Commercial Card Program (P-Cards) to ensure compliance with applicable requirements.

The University operates a P-card system that allows individuals throughout the University to make small purchases (defined as less than \$5,000) on a credit card, which is directly paid by the University on a monthly basis. There were 455 cardholders with transactions during the period of examination who incurred a total of \$10,239,459.

During our review of a sample of 60 P-card transactions, totaling \$106,669, made by 60 employees, we noted the following:

- Ten transactions (17%), totaling \$9,060, had no record of being approved, and there was no proper segregation of duties over these transactions.
- Thirteen transactions (22%), totaling \$24,483, were not approved timely. The approvals ranged from one to 24 days late.
- Three transactions (5%), totaling \$1,775, had no supporting documentation available from the person responsible for maintaining that documentation (the purchaser). As a result, we were unable to determine if the expense transactions were proper or properly recorded.
- One employee (2%) did not complete the annual required refresher training on P-card procedures.
- One transaction (2%) included sales tax of \$38, although the University is exempt from the sales tax as a State agency.

The University's P-Card policies and procedures state the following:

- Section V - the approving manager must approve cardholder transactions in the card system by the second business day of the following month.
- Section VI - participants of the P-card program are required to take an annual refresher course on policies and procedures.
- Section L - failure to obtain, upload, and retain receipts and other supporting documentation represents a misuse and violation of the policy.
- Section F - the cardholder is responsible for ensuring no taxes are charged to the card and that it is the cardholder's responsibility to obtain a refund for any sales tax that was charged in error on his/her commercial card.

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. Effective internal controls should ensure the P-Card policies and procedures are being followed.

This finding was first noted during the examination of the year ended June 30, 2021. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated the responsible departments did not follow the requirements of the University's P-Card policies and procedures.

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State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-009 Inadequate Controls Over Procurement Card Use (Continued)

Failure to properly adhere to policies and procedures could expose the University to misuse of cards or fraudulent transactions. (Finding Codes No. 2025-009, 2024-008, 2023-010, 2022-012, 2021-016)

Recommendation:

We recommend the University enhance its controls over the processing of commercial card program transactions to ensure employees comply with policies and procedures.

University Response:

Accepted. University officials will continue to issue monthly reminders to ensure cardholders and approvers comply with commercial card policies and procedures. In addition, the University will temporarily suspend the authority of individuals not in compliance with the Monthly Reconciliation process or who have failed to complete annual refresher training.

State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-010 Uncompleted Performance Reviews

Northern Illinois University (University) did not conduct performance reviews for employees in accordance with University policies and did not require performance reviews for all categories of employees.

The University has policies in place governing the performance reviews of civil service staff, supportive professional staff (SPS), and union faculty; however, it does not have policies requiring performance reviews for student employees, extra-help (temporary) employees, or non-union faculty members.

In addition, during our testing of 28 employees who worked at the University for the time required to perform a meaningful evaluation, we noted that four (14%) employees, who were covered by the University's performance evaluation policy, did not have a performance review performed during the fiscal year in accordance with University policy.

The University's performance review policy for civil service staff and SPS specifies annual performance reviews, as they are a key component of employee development. The University policy for union faculty specifies department chairs are to provide evaluations by March 15th of the year following the evaluation period to union faculty members in their departments.

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. Effective internal controls should ensure employee performance reviews are conducted in accordance with policies and that all employees receive a performance evaluation.

This finding was first noted during the examination of the year ended June 30, 2018. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated the incomplete performance reviews identified during this period were the result of the University's reliance on a decentralized, manual tracking process absent a centralized, automated compliance mechanism.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as the foundation for salary adjustments, promotion, demotion, discharge, recall, and reinstatement decisions. (Finding Code No. 2025-010, 2024-009, 2023-011, 2022-005, 2021-007, 2020-007, 2019-006, 2018-007)

Recommendation:

We recommend the University take appropriate measures to ensure employee performance reviews are conducted in accordance with policy and that every employee receives an evaluation.

University Response:

Accepted. The University is implementing a digital solution to ensure collection of employee performance evaluations in accordance with University policy. The digital solution will collect evaluations, automate reminders, and escalate missing evaluations on an annual basis to ensure accuracy and timely completion of employee performance evaluations.

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State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-011 Noncompliance with the State Comptroller Act

Northern Illinois University (University) is not in compliance with the State Comptroller Act.

During testing, we noted the University did not submit payroll warrant information to the Office of the Secretary of State during Fiscal Year 2025.

The State Comptroller Act (Act) (15 ILCS 405/13.1) requires the University to submit the total number of payroll warrants drawn by the University to be paid from funds retained in its own treasuries with the Office of the Secretary of State.

University officials stated the Office of the Secretary of State does not have a mechanism for reporting payroll warrants, as this information is now provided directly to the State Comptroller's Office. Accordingly, the University is unable to submit the data in the manner defined by the statute.

Failure to provide the required information to the Office of the Secretary of State represents noncompliance with State law. (Finding Code No. 2025-011, 2024-010)

Recommendation:

We recommend the University work with the Office of the Secretary of State to determine the mechanism for submitting payroll warrant information in accordance with the Act or seek a legislative remedy from the requirement to provide the payroll warrant information to the Office of the Secretary of State annually.

University Response:

Accepted. Legislation was introduced and is expected to pass within the 2026 General Assembly to remove this requirement. The University will continue to monitor the status of the legislation. In the interim, the University continues to send each payroll warrant to the State Comptroller's office, as required, for each pay period.

State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-012 Weaknesses in Controls Over Contingency Planning

Northern Illinois University did not ensure adequate disaster recovery planning and testing was conducted during the examination period.

During the examination of the University's contingency plan, we noted that the University did not complete a Business Impact Analysis (BIA) to identify and prioritize critical Information Technology (IT) systems and components.

The *Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology requires entities to conduct a BIA as part of the contingency planning process.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Contingency Planning section requires entities to develop contingency plans for systems to achieve continuity of operations for organizational missions and business functions along with addressing system restoration and implementation of alternative missions or business processes when systems are compromised or breached. It emphasizes the importance of Business Impact Analysis (BIA) as a critical component of contingency planning. BIA helps organizations identify and prioritize their critical systems and processes, assess the potential impacts of disruptions, and develop strategies to mitigate those impacts. This ensures that organizations can maintain or quickly resume essential functions in the event of a disruption.

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 controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

University officials stated the University is currently in the process of implementing a BIA, but the project will not be completed until the next examination period.

Failure to conduct BIA hinders the ability of the University to identify and prioritize critical IT systems and components. Without performing a BIA, the University could have trouble aligning business processes and systems, determining maximum tolerable downtime, and setting objectives for recovery times. Failure to develop a contingency plan over a critical application increases the risk and timing to return the application back to normal operation after an event that damages the system. (Finding Code No. 2025-012, 2024-011)

Recommendation:

We recommend the University conduct a BIA to identify and prioritize critical IT systems and components.

University Response:

Accepted. The University initiated a Business Impact Analysis (BIA) project in early 2025 in response to the original finding. The multi-year BIA project to identify and prioritize critical IT systems and components was completed in March 2026.

State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-013 Weaknesses in Cybersecurity Programs and Practices

Northern Illinois University (University) had weaknesses in internal controls related to cybersecurity programs and practices.

During our testing of management's review over policies surrounding cybersecurity, we determined that the following policies were not reviewed within a 3-year cadence.

- i. Configuration Management
 - Account and Password Guidelines (No Review Date)
 - Wired and Wireless Network Connectivity Standards (No Review Date)
- ii. Acceptable Use (Last Reviewed in 2021)
- iii. Access Control (Last Reviewed in 2021)
- iv. On-boarding policies for staff and contractors (No Review Date)
- v. Change management (Last Reviewed in 2020)
- vi. Data backup (No Review Date)
- vii. Data maintenance and destruction (Last Reviewed in 2020)

In addition, during our examination, we noted that the University moved from training acknowledgements being completed within the old cybersecurity training system to a new system. As the University lost access to the old cybersecurity training system at the end of August 2025, it did not retain evidence that trainings were completed during the reporting period.

As a result, during our testing of 15 new employees (100%), we noted that the University did not maintain documentation sufficient to demonstrate that new employees completed Information Security Awareness Training as part of the onboarding process within 30 days of commencing their employment, as required by the University's Information Security Awareness Training policy. Additionally, during our testing of 60 employees (100%), we noted that the University did not maintain documentation sufficient to demonstrate employees' completion of Information Security Awareness Training to verify compliance with the annual requirement.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology (NIST), requires entities to have established procedures reviewed and updated on a routine basis.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Rules of Behavior section promotes controls for ensuring individuals requiring access to the system, provide a documented acknowledgment from such individuals, indicating that they have read, understand, and agree to abide by the rules of behavior, before authorizing access to information and the system and again on a University defined schedule.

The University's Information Security Awareness Training policy states that employees must complete all assigned information security awareness training materials within 30 days of training being made available by the University. The Office of Information Security in conjunction with other Information Technology resources performs a verification of compliance for individuals or units not in compliance with all information security policies and related procedures.

State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-013 Weaknesses in Cybersecurity and Programs and Practices (Continued)

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. Effective internal controls should ensure required trainings are taken and documentation surrounding those trainings should be retained and available.

University officials stated the University's existing processes did not require formal documentation of policy reviews when no updates or revisions were identified. In addition, the transition to a new Information Security Awareness Training vendor resulted in the loss of access to certain historical training records from the reporting period.

Failure to review and update policies, if necessary, on a 3-year cadence may result in policies not having proper requirements established and communicated. In addition, failure to enforce and retain evidence of employee policy acknowledgments and Information Security Awareness Training completion increases the risk that employees may be unaware of current policies and security responsibilities, which could adversely impact the University's overall cybersecurity posture. (Finding Code No. 2025-013, 2024-014, 2023-016, 2022-015)

Recommendation:

We recommend the University implement controls to ensure policies are reviewed and updated, if necessary, on a regular basis. We also recommend the University enforce employee completion of Information Security Awareness Training and policy acknowledgments and retain adequate evidence of compliance.

University Response:

Accepted. The University will review Division of Information Technology policies and create a management framework for policy creation, review, and maintenance for Department of Information and Technology managed policies by June 30, 2026. Additionally, the University will review and update processes related to employee Information Security Awareness Training and policy acknowledgments, including the retention of supporting documentation evidencing compliance.

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State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-014 Inadequate Controls Over Voucher Processing

Northern Illinois University (University) did not follow its procurement procedures for general vouchers.

During our testing of 33 general vouchers that required purchase orders, we noted eight vouchers (24%), totaling \$45,504, had delivery/service dates for goods or services that were before the purchase order (PO) was signed by the University Procurement Services & Contract Management (PSCM). These purchase orders were approved between 1 and 92 days after the service start date.

Per the University's PSCM procurement procedures, goods cannot be ordered and services cannot begin until there is a purchase order (and contract if applicable) signed by PSCM.

University officials stated the ordering or receiving of goods/services prior to purchase order issuance is a continuation of departments failing to follow University policy.

Failure to order goods and services after a purchase order has been signed by PSCM results in noncompliance with the University's PSCM procurement procedures and could lead to unallowable purchases. (Finding Code No. 2025-014)

Recommendation:

We recommend the University enhance its controls over the procurement process to ensure goods are ordered and services begin only after there is a purchase order (and contract if applicable) signed by PSCM.

University Response:

Accepted. The University will re-emphasize to all divisions and departments the importance of adhering to institutional policy, which mandates the execution of a valid purchase order or contract prior to the provision of any goods or services. In addition, the University will develop and implement a formal process to engage directly with responsible divisions or departments when violations of procurement policy are identified.

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Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-015 Noncompliance With the Public Higher Education Act

Northern Illinois University (University) was not in compliance with the Public Higher Education Act (Act).

During testing, we noted that although the University made a wellness kiosk available to the students on campus, it was not accessible on weekends and after class hours as required. In addition, the kiosk did not display a statement advising the consumer to check the expiration date of the product before using its products during Fiscal Year 2025, as required by the Act.

The Act (110 ILCS 167/10) requires the University to make at least one wellness kiosk available in an area of campus where students can access the wellness kiosk on weekends and after class hours. Additionally, the wellness kiosk must meet all minimum statutory requirements, including a statement advising the consumer to check the expiration date of the product before using its products.

University officials indicated the University implemented a wellness kiosk for student use; however, the kiosk's placement within the student health center limits accessibility during weekends and after class hours as required by the Act. In addition, the required statement advising consumers to check the expiration date of the product was not initially included on the kiosk due to an oversight during implementation.

Failure to ensure the wellness kiosk is available on campus during the required hours and that it meets all statutory requirements constitutes noncompliance with the Act. (Finding Code No. 2025-015)

Recommendation:

We recommend the University ensure the wellness kiosk is available on campus during the hours required by the Act and that it is operated in compliance with all applicable statutory requirements.

University Response:

Accepted. University leadership is currently in discussions with vendors to identify a cost-effective way to meet the requirement for a wellness kiosk that is available to students on weekends and after class periods. Currently, a wellness kiosk is available during the operating hours of our health center, Monday through Friday 8:00 a.m. – 4:30 p.m. The health center remains open during certain University holidays, providing additional access to the wellness kiosk. The issue related to the required expiration date statement has been corrected. The wellness kiosk now displays the required notice advising consumers to check the expiration date of products prior to use.

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State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-016 Noncompliance With the Preventing Sexual Violence in Higher Education Act

Northern Illinois University (University) was not in compliance with the Preventing Sexual Violence in Higher Education Act (Act).

During testing, we noted reports were not published on the University's website as required. Section 9.21 of the Board of Higher Education Act requires each public institution of higher education to (1) report annually to the Department of Human Rights and the Attorney General on each adjudicated case in which a finding of racial, ethnic or religious intimidation or sexual harassment made in a grievance, affirmative action or other proceeding established by that institution to investigate and determine allegations of racial, ethnic or religious intimidation and sexual harassment; and (2) forward to the local State's Attorney any report received by campus security or by a university police department alleging the commission of a hate crime as defined under Section 12-7.1 of the Criminal Code of 2012.

Preventing Sexual Violence in Higher Education Act (110 ILCS 155/35) requires the University to publish on the University's website in an easily accessible manner the reports required under Section 9.21 of the Board of Higher Education Act (110 ILCS 205/9.21).

University officials stated procedures had not been established to ensure the reports required under Section 9.21 of the Board of Higher Education Act were published on the University's website in accordance with statutory requirements.

Failure to publish the reports required under Section 9.21 of the Board of Higher Education Act reduces transparency and constitutes noncompliance with State law. (Finding Code No. 2025-016)

Recommendation:

We recommend the University ensure compliance with the Preventing Sexual Violence in Higher Education Act by publishing the reports required under Section 9.21 of the Board of Higher Education Act on its website in an easily accessible manner.

University Response:

Accepted. The University will update its procedures to ensure the reports required under Section 9.21 of the Board of Higher Education Act are published on the University's website in accordance with statutory requirements.

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State Compliance Examination

Schedule of Findings (Continued)
For the Year Ended June 30, 2025

Finding 2025-017 Improper Controls Over Provisioning of Transfer Accounts

Northern Illinois University (University) did not appropriately provision transfer accounts having access to its Human Capital Management system.

During the examination, we noted 1 of 5 (20%) transferred users' access accounts tested was not appropriately approved prior to being provisioned, as the user requested and approved their own access, resulting in a segregation of duties conflict.

Additionally, we noted the University does not have a policy in place that enforces a transfer user to not request and approve their own access.

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 controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Account Management section promotes controls for ensuring access to system resources are appropriately authorized. Additionally, the University's System Access and Security Policy states users are required to be removed within 24 hours of their termination date.

University officials stated current University procedures do not adequately enforce segregation of duties for transfer user access requests.

Failure to implement effective controls over transfer of access to its Human Capital Management system could result in unauthorized elevated access and manipulation of data. (Finding Code No. 2025-017)

Recommendation:

We recommend the University strengthen controls over transfer user access to the Human Capital Management system by enforcing segregation of duties, requiring independent approval of access requests, and establishing formal policies to govern transfer user provisioning.

University Response:

Accepted. The University has prohibited managers from approving their own user access changes. In addition, the process for user access changes will be updated to require independent approval of user access requests and provisioning by June 30, 2026.

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State Compliance Examination

**Schedule of Findings – Prior Findings Not Repeated
For the Year Ended June 30, 2025**

Prior Findings Not Repeated

A. Financial Statement Errors

During the prior audit, the University did not properly adjust its financial statements for certain transactions.

During the current audit, our sample testing did not identify similar errors. (Finding Code No. 2024-001, 2023-002)

B. Lease and SBITA Errors

During the prior audit, the University incorrectly recorded certain agreements which met the requirements of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITA).

During the current audit, we did not find similar errors with the recording of leases and SBITAs for selections tested. (Finding Code No. 2024-002, 2023-003)