



EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois

FEDERAL SINGLE AUDIT

*In Accordance with the Single Audit Act
and Applicable Federal Regulations
for the Year Ended June 30, 2022*

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



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EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
FEDERAL SINGLE AUDIT
In Accordance with the Single Audit Act and Applicable Federal Regulations
For the Year Ended June 30, 2022

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For the Year Ended June 30, 2022

UNIVERSITY OFFICIALS

President	Dr. David M. Glassman
Provost and Vice President for Academic Affairs	Dr. Jay D. Gattrell
Vice President for Business Affairs (7/6/22 - Present)	Mr. Matthew J. Bierman
Vice President for Business Affairs (4/1/22 - 7/5/22)	Vacant
Vice President for Business Affairs (7/1/21 - 3/31/22)	Mr. Sean D. Reeder
Vice President for Student Affairs	Ms. Anne Flaherty
Vice President for University Advancement	Mr. Kenneth A. Wetstein
Director of Business Services and Treasurer	Mr. Paul A. McCann
General Counsel (3/1/23 - Present)	Vacant
General Counsel (7/1/21 - 2/28/23)	Ms. Laura McLaughlin
Director of Internal Auditing (4/4/22 - Present)	Mr. Chifundo Biliwita, CIA, CFE
Director of Internal Auditing (8/1/21 - 4/3/22)	Vacant
Director of Internal Auditing (7/1/21 - 7/31/21)	Ms. Leigh C. Moon

BOARD OF TRUSTEES (as of June 30, 2022)

Chairperson	Ms. Joyce Madigan
Vice Chairperson	Vacant
Secretary	Dr. Audrey Edwards
Member Pro-Tem	Ms. Barbara Baurer
Member	Mr. Joseph R. Dively
Member	Mr. C. Christopher Hicks
Member	Vacant
Student Member	Ms. Lucy Ade

University offices are located at:
600 Lincoln Avenue
Charleston, Illinois 61920

EASTERN ILLINOIS UNIVERSITY
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FEDERAL SINGLE AUDIT
In Accordance with the Single Audit Act and Applicable Federal Regulations
For the Year Ended June 30, 2022

FEDERAL COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this audit of Eastern Illinois University (University) was conducted in accordance with the Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Guidance Requirements, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance)*, and *Government Auditing Standards*.

AUDITOR’S REPORT

The Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards, and the Schedule of Federal and Nonfederal Activity does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

Number of	<u>Current Report</u>	<u>Prior Reports</u>
Findings	2	2
Repeated Findings	1	1
Prior Recommendations Implemented or Not Repeated	1	4

SCHEDULE OF FINDINGS

Item No.	Page	Last/First Reported	Description	Finding Type
Current Findings – Government Auditing Standards				
2022-001	11	2021/2020	Inadequate internal controls over census data	Material Weakness and Noncompliance
2022-002	15	New	Weaknesses in preparation of year-end financial statements	Material Weakness

Current Findings – Federal Compliance

The audit did not disclose any findings required to be reported by the Uniform Guidance.

Prior Findings Not Repeated

A	19	2021/2021	Report requirement not met
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In Accordance with the Single Audit Act and Applicable Federal Regulations
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EXIT CONFERENCE

Eastern Illinois University waived an exit conference in correspondence from Paul McCann, Director of Business Services and Treasurer, on March 13, 2023. The response to the recommendation for item 2022-001 was provided by Paul McCann, Director of Business Services and Treasurer, in correspondence dated October 10, 2022. The response to the recommendation for item 2022-002 was provided by Paul McCann, Director of Business Services and Treasurer, in correspondence dated March 10, 2023.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Eastern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of Eastern Illinois University (University), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and we have issued our report thereon dated March 13, 2023. That report includes an emphasis of matter relating to the implementation of Governmental Accounting Standards Board's Statement No. 87, *Leases*. Our report includes a reference to other auditors who audited the financial statements of the Eastern Illinois University Foundation and the Eastern Illinois University Alumni Association, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, 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.

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, misstatements on a timely basis. A *material weakness* is a deficiency, or a

combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2022-001 and 2022-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings as item 2022-001.

University's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the University's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The University's responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SIGNED ORIGINAL ON FILE

Decatur, Illinois
March 13, 2023

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INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND,
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE AND
THE SCHEDULE OF FEDERAL AND NONFEDERAL FINANCIAL ACTIVITY

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Eastern Illinois University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

As Special Assistant Auditors for the Auditor General, we have audited compliance by Eastern Illinois University (University) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2022. The University's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit*

Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on compliance for each major federal program. Our audit does not provide a legal determination of the University’s compliance with the compliance requirements referred to above.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The University’s basic financial statements include the operations of the Eastern Illinois University Foundation and the Eastern Illinois University Alumni Association, component units, which are not included in the University’s Schedule of Expenditures of Federal Awards during the year ended June 30, 2022. Our compliance audit, as described in the “Opinion on Each Major Program,” does not include the operations of these component units because the component units engaged other auditors to perform an audit of their financial statements and, if necessary, an audit of compliance.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University’s federal programs.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and the Schedule of Federal and Nonfederal Financial Activity

We have audited the financial statements of business-type activities, fiduciary activities, and aggregate discretely presented component units of the University as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively compromise the University's basic financial statements. We issued our report thereon, dated March 13, 2023, which contained an unmodified opinion on those financial statements. Our report includes a reference to other auditors, who audited the financial statements of the University's discretely presented component units, as described in our report on the University's financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively compromise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. In addition, the accompanying Schedule of Federal and Nonfederal Financial Activity is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Federal and Nonfederal Financial Activity are fairly stated in all material respects in relation to the basic financial statements as a whole.

SIGNED ORIGINAL ON FILE

Decatur, Illinois
March 13, 2023

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR'S RESULTS
For the Year Ended June 30, 2022

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of report the auditor issued on compliance for major federal programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 C.F.R. § 200.516(a)? Yes No

Identification of major federal programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268, 84.379	Student Financial Aid Cluster
84.425C, 84.425E, 84.425F, 84.425M	Higher Education Emergency Relief Fund Cluster

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as a low-risk auditee? Yes No

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT FINDINGS – GOVERNMENTAL AUDITING STANDARDS
For the Year Ended June 30, 2022

2022-001. **FINDING** (Inadequate internal controls over census data)

The Eastern Illinois University (University) did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans 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 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 valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the 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 the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program 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 SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during fiscal year 2020 to project pension and OPEB-related balances and activity at the plans during fiscal year 2021, which is incorporated into the University's fiscal year 2022 financial statements.

During testing, we noted the following:

- The University had not performed an initial complete reconciliation of its census data recorded by SURS to its internal records to establish a base year of complete and accurate census data.
- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.
- During our cut-off testing of data transmitted by the University to SURS, we noted 25 instances of an active employee becoming inactive and 1 instance of an inactive employee becoming retired were reported to SURS after the close of

EASTERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CURRENT FINDINGS – GOVERNMENTAL AUDITING STANDARDS

For the Year Ended June 30, 2022

the fiscal year in which the event occurred. There were also 11 instances previously reported that impacted the June 30, 2020 census data.

- During our testing of instructor eligibility testing, we noted 20 of 480 instructors tested was not reported as eligible to participate in SURS by the University. SURS determined the total potential impact of this error was the instructor's service credit was off by $\frac{3}{4}$ of a year.

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during fiscal year 2021.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

Additionally, eligibility criteria for participation in SURS 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 SURS. 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:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 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 SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired 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 SURS electing to exclude these persons from the definition of an 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

EASTERN ILLINOIS UNIVERSITY

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CURRENT FINDINGS – *GOVERNMENTAL AUDITING STANDARDS*

For the Year Ended June 30, 2022

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 SURS, 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 SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

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

University officials indicated the base year reconciliation process was not established until fiscal year 2021, which is currently being performed by University staff. In addition, they indicated the late reported events were due to employees being paid one pay period after the occurrence of the reporting event. For example, a retirement that occurs on June 30, would still have one pay to be made in July. The timing of that payment would depend on whether the employee was a bi-weekly or monthly employee. Finally, they indicated the instructors were not reported to SURS due to the University utilizing a different reasonable and good faith interpretation of the Code’s eligibility requirements.

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of 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. Further, failure to report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2022-001, 2021-001, 2020-001)

RECOMMENDATION

We recommend the University continue to work with SURS to complete the base year reconciliation of fiscal year 2021 active members’ census data from its underlying records to a report of census data submitted to SURS’ actuary and CMS’ actuary. After completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS’ actuary and CMS’ actuary.

EASTERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CURRENT FINDINGS – *GOVERNMENTAL AUDITING STANDARDS*

For the Year Ended June 30, 2022

Further, we recommend the University ensure all events occurring within a census data accumulation year are timely reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

Finally, we recommend the University ensure all eligible employees are reported to SURS, along with any required employee and employer contributions.

UNIVERSITY RESPONSE

The University accepts the recommendation. The University continues to work on the completion of the initial full reconciliation. The University will work to improve the reporting of all reportable events in accordance with the rules established by the Code and administrative rules.

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT FINDINGS – GOVERNMENTAL AUDITING STANDARDS
For the Year Ended June 30, 2022

2022-002. **FINDING** (Weaknesses in preparation of year-end financial statements)

Eastern Illinois University's year-end financial reporting in accordance with generally accepted accounting principles (GAAP) contained inaccurate information.

The University did not have adequate controls over the completeness and accuracy of year-end financial reporting which resulted in errors in the GAAP basis financial statements and supporting schedules provided to us during our audit. The University did not perform a sufficient supervisory review of all amounts recorded in its financial statements and footnotes. Also, as a result of audit differences identified by us as well as additional corrections subsequently identified by the University, the University provided us with four revisions to its draft financial statements, with significant modifications, before providing, on March 2, 2023, its final draft revision.

We noted the following issues while testing the year-end financial reporting process, which were corrected by the University after we brought them to its attention:

- Restricted net position for the bond system was understated by \$1,292,714 and unrestricted net position was overstated by the same amount due to an adjustment made to the year ended June 30, 2021 financial statements but not carried forward to the current fiscal year.
- Unearned revenue was overstated by \$2,404,432 and operating revenue for federal grants and contracts was understated by the same amount due to an error in allocating deferred revenue from monies received from the Cares II (CRRSA) and Cares III (ARPA) Acts.
- The University's process to identify all applicable leases in its calculations for implementation of GASB Statement No. 87 was not adequate. Therefore, the following financial statement accounts were incorrect, resulting in the total net position being overstated by \$5,595.
 - Net capital assets were understated by \$808,501.
 - Long-term liabilities were understated by \$714,978.
 - Long-term liabilities, current portion were understated by \$97,954.
 - Other current assets were understated by \$50,887.
 - Deferred inflows of resources were understated by \$37,255.
 - Other long-term assets were overstated by \$14,796.
 - Operating expense was understated by \$4,431.
 - Other operating revenues were overstated by \$2,588.
 - Investment income was understated by \$1,424.
- The University reported incorrect amounts on the Statement of Cash Flows.
 - Operating loss was overstated by \$2,404,432. A subsequent draft had operating loss understated by \$7,019.
 - Change in unearned revenue was overstated by \$2,404,432.
 - Proceeds from lease revenues in the amount of \$926,809 was included, although this was not a cash transaction.

EASTERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CURRENT FINDINGS – GOVERNMENTAL AUDITING STANDARDS

For the Year Ended June 30, 2022

- Purchases of capital assets were understated by \$808,500. A subsequent draft had purchases of capital assets overstated by \$926,809.
- Principal paid on capital debt and leases was understated by \$64,864.
- Direct lending student loan receipts was overstated by \$51,890.
- Direct lending student loan disbursements was understated by \$51,890.
- Payments to suppliers was understated by \$4,430.
- Other receipts were overstated by \$2,589.
- Interest received on investments was understated by \$1,422.
- Interest paid on capital debt and leases was understated by \$1,164.

We also identified several errors in the Management Discussion and Analysis section of the financial report as well as the footnotes to the financial statements. The University corrected each of these items accordingly.

Further, we noted the University overstated both accounts receivable and unearned revenue by \$363,914 related to a private grant received. This error was first identified by the University, however it did not correct the error in its financial statements. The error was deemed immaterial to the financial statements taken as a whole and, therefore, did not result in a modification to our auditor's opinion on the University's financial statements.

Governmental Accounting Standards Board Statement No. 87, *Leases* (GASB 87) became effective for the University on July 1, 2021. GASB 87 defines a lease as "a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction." Under the GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The State Comptroller Act (Act) (15 ILCS 405/19.5) requires State agencies to report, on or before October 31 each year, all financial information as directed by the Comptroller in order to compile and publish an annual comprehensive financial report in accordance with GAAP.

The Government Finance Officer Association's *Internal Control Deficiencies in Audits* advocates that governments establish and document a system of financial reporting that is sufficient to provide reasonable assurance that management is able to prepare financial statements in conformity with generally accepted accounting principles. A good system of internal control requires that management review all significant accounts and balances recorded and disclosed in the financial statements for completeness and accuracy.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) states management is responsible for establishing and maintaining a system, or systems, of internal fiscal and administrative controls to provide assurance that, among other things, revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
CURRENT FINDINGS – GOVERNMENTAL AUDITING STANDARDS
For the Year Ended June 30, 2022

University officials stated these issues were caused by oversight.

As a result of these errors, the University's financial statements were inaccurate and required corrections. Additionally, weaknesses in the design or operation of internal controls could adversely affect the University's ability to fulfill its responsibility to prepare accurate and timely financial statements and could also negatively impact the Statewide financial statements. (Finding Code No. 2022-002)

RECOMMENDATION

We recommend the University strengthen its internal controls to ensure financial statements are prepared in a complete and accurate manner and are subjected to an appropriate supervisory review. We also recommend the University's procedures address all elements of the University's financial reporting process.

UNIVERSITY RESPONSE

The University concurs with the finding. We will attempt to be more accurate in the future.

The University has two people that are assigned the primary responsibility of the preparation of the financial statements and a third person that reviews the statements produced. The preparers work independently, with one of the preparers producing the Statement of Net Position and the other producing the Statement of Revenues, Expenses and Changes in Net Position. When the statements balance, a detailed analytical review and a supervisory review are completed. We do not take the process of preparation of the financial statements lightly. The process, as described, has worked well for many years.

Because we have switched away from presenting the financial statements on a comparative basis, it takes more work to find errors in the allocation of the net position. We will implement additional procedures in the future to help identify any inconsistencies within the elements of net position between years.

The deferred revenue issue resulted because a prior year accrual entry had not been properly identified and reversed. The specific transaction in question required a special manual calculation and was handled outside of the normal process. With this series of transactions ending, the issue should not occur again. Other year-end accrual entries were identified and handled properly. We believe that our current system has worked well and once the manual process is eliminated it will not be an issue in the future.

With the implementation of GASB 87 for leases, the University was required to review all leases and prepare accounting adjustments to comply with the new standards. University staff, including accountants, purchasing officers and administrators, reviewed the records for potential leases subject to the standard. In this process, we missed two leases. One because payments were combined by the lessee and we didn't catch that there were two

EASTERN ILLINOIS UNIVERSITY

A Component Unit of the State of Illinois

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CURRENT FINDINGS – *GOVERNMENTAL AUDITING STANDARDS*

For the Year Ended June 30, 2022

leases instead of one, and, the other because it was new and missed. We learned from the process and believe that we can improve as we move forward to identify software for the implementation of GASB 96.

Further, with all of the recent modifications to the accounting standards, including pensions, other postemployment benefits and leases, the financial statements are becoming less and less comparable between years, making analytical review procedures less effective, but we will attempt to improve the process as we move forward.

Errors in the Statement of Cash Flows are primarily as a result of the issues noted above.

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2022

A. **FINDING** (Report requirement not met)

During the prior engagement we noted the University did not comply with a reporting requirement applicable to Higher Education Emergency Relief Fund (HEERF) grantees.

During the current engagement, we did not note any instances of noncompliance to report. As a result, this finding will not be repeated. (Finding Code No. 2021-002)

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass Through Grantor/Program/Grant Title	Federal Assistance Listing Number	Federal Project or Pass-Through Number	FY22 Expenditures	Passed Through to Subrecipients
MAJOR PROGRAM - STUDENT FINANCIAL AID CLUSTER				
U.S. DEPARTMENT OF EDUCATION				
<i>Federal Perkins Loans, beginning loan balance</i>	84.038		\$ 4,358,658	\$ -
<i>Federal Direct Student Loans</i>	84.268		25,726,108	-
<i>Federal Work-Study Program</i>				
FY22	84.033	P033A211143	274,154	-
<i>Federal Pell Grant Program</i>			274,154	-
FY20	84.063	P063P190106	20	-
FY21	84.063	P063P200106	539,770	-
FY22	84.063	P063P210106	10,016,059	-
<i>Federal Supplemental Educational Opportunity Grants</i>			10,555,849	-
FY21	84.007	P007A201143	11,115	-
FY22	84.007	P007A211143	191,564	-
<i>Teacher Education Assistance For College And Higher Education Grants</i>			202,679	-
FY22	84.379	P379T210106	26,404	-
			26,404	-
Total Student Financial Aid Cluster			41,143,852	-
MAJOR PROGRAM - HIGHER EDUCATION EMERGENCY RELIEF FUND CLUSTER				
U.S. DEPARTMENT OF EDUCATION				
<i>CARES Act: Higher Education Emergency Relief Fund</i>	84.425E	P425E201466	457,475	-
<i>Higher Education Emergency Relief Fund Institutional Portion</i>	84.425F	P425E200946	6,842,810	-
<i>Higher Education Emergency Relief Fund Strengthening Insitutions Program</i>	84.425M	P425M200667	67,352	-
<i>Higher Education Emergency Relief Fund Strengthening Insitutions Program</i>	84.425M	P425M200667	71,646	-
<i>Higher Education Emergency Relief Fund Institutional Portion</i>	84.425F	P425F200946	3,558	-
<i>Higher Education Emergency Relief Fund Institutional Portion</i>	84.425F	P425F200946	2,134,365	-
Passed-Through the Illinois Board of Higher Education				
<i>Illinois Governor's Emergency Education Relief Fund (GEER)</i>	84.425C	21GEEREIU	454,988	-
Passed-Through the Illinois Board of Higher Education				
<i>Illinois Governor's Emergency Education Relief Fund (GEER)</i>	84.425C	21RFP09	9,504	-
			10,041,698	-
Total Higher Education Emergency Relief Fund Cluster			10,041,698	-
RESEARCH AND DEVELOPMENT CLUSTER				
NATIONAL SCIENCE FOUNDATION				
<i>Engineering</i>				
Collaborative Research: Characterization of Transport and Properties and Microstructures of Battery Electrolytes via In Situ Spectroscopy	47.041	2120555	18,489	-
<i>Mathematical and Physical Sciences</i>				
RUI Microsolvation	47.049	CHE 1664900	11,229	-
			29,718	-
TOTAL NATIONAL SCIENCE FOUNDATION			29,718	-
US DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed-Through the University of Iowa				
<i>Medical Library Assistance</i>				
NNLM Region 6 Regional Medical Library "Health Information Literacy Training for Southeastern Illinois"	93.879	S02742-01	19,199	-
			19,199	-
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES			19,199	-
U.S. DEPARTMENT OF THE INTERIOR				
Passed-Through the Illinois Department of Natural Resources				
<i>Sport Fish Restoration Program</i>				
IDNR Wabash FY22	15.605	RC21F18610	186,150	-
			186,150	-
Passed-Through the University of Illinois				
<i>Great Lakes Restoration</i>				
Asian Carp	15.662	103088-18282	30,324	-
Asian Carp FY23	15.662	108367-18961	9,175	-
			39,499	-
Passed-Through Southern Illinois University				
<i>Great Lakes Restoration</i>				
SIU Asian Carp	15.662	F20AP11146	39,434	-
			39,434	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR			265,083	-
Total Research and Development Cluster			314,000	-

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

<u>Federal Grantor/Pass Through Grantor/Program/Grant Title</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Project or Pass-Through Number</u>	<u>FY22 Expenditures</u>	<u>Passed Through to Subrecipients</u>
TRIO CLUSTER				
U.S. DEPARTMENT OF EDUCATION				
<i>TRIO - Student Support Services</i>	84.042A	P042A201555-20	60,556	-
<i>TRIO - Student Support Services</i>	84.042A	P042A201555-21	178,355	-
Total TRIO Cluster			<u>238,911</u>	<u>-</u>
CHILD CARE AND DEVELOPMENT FUND (CCDF) CLUSTER				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed-Through the Illinois Department of Human Services				
<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCRR CORE FY22)</i>	93.596	FCSA104630	468,428	-
<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCRR CCAP FY22)</i>	93.596	FCSA104630	253,985	-
<i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCRR QRIS FY22)</i>	93.596	FCSA104630	42,584	-
Total CCDF Cluster			<u>764,997</u>	<u>-</u>
OTHER PROGRAMS				
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed-Through the Illinois State Library				
<i>Grants to States</i>	45.310	22-7021-PAN	20,972	-
			<u>20,972</u>	<u>-</u>
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES			<u>20,972</u>	<u>-</u>
NATIONAL ENDOWMENT FOR THE ARTS				
Passed-Through Arts Midwest				
<i>NEA Art Engagement</i>	45.024	1853559-59-18	10,000	-
			<u>10,000</u>	<u>-</u>
TOTAL NATIONAL ENDOWMENT FOR THE ARTS			<u>10,000</u>	<u>-</u>
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION				
Passed-Through the Universities Space Research Association				
<i>USRA/NASA FY19</i>	43.001	02291-01	7,867	-
			<u>7,867</u>	<u>-</u>
TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION			<u>7,867</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed-Through the Illinois Department of Human Services				
<i>Block Grants for Preventions and Treatment of Substance Abuse</i>				
IDHS SRSAPS FY22	93.959	43CAZ03550	159,023	-
			<u>159,023</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>159,023</u>	<u>-</u>
Total Other Programs			<u>197,862</u>	<u>-</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 52,701,320</u>	<u>\$ -</u>

The accompanying notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

1. GENERAL

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal award programs of Eastern Illinois University for the year ended June 30, 2022. All federal awards received directly from federal agencies as well as federal awards passed through other government and nonprofit agencies are included on the Schedule.

This Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of Eastern Illinois University.

Following is a legend of acronyms used in the Schedule of Expenditures of Federal Awards:

CARES	Coronavirus Aid, Relief, and Economic Security
CCAP	Child Care Assistance Program
CCRR	Child Care Resource and Referral
IDNR	Illinois Department of Natural Resources
NSF	National Science Foundation
QRIS	Quality Recognition and Improvement System
RUI	Research in Undergraduate Institutions
SRSAPS	State and Regional Substance Abuse Prevention Services

2. BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

3. SUBRECIPIENTS

The University provided no sub-awards during the fiscal year ended June 30, 2022.

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

4. STUDENT LOAN PROGRAMS

During the fiscal year ended June 30, 2022, the University issued new loans to students under the Federal Direct Student Loan Program. The loan amounts issued during the year are disclosed on the Schedule of Expenditures of Federal Awards. The University is responsible only for the performance of certain administrative duties with respect to federally-guaranteed student loan programs and, accordingly, balances and transactions relating to these loan programs are not included in the University's basic financial statements. It is not practicable to determine the balance of loans outstanding to students and former students of the University at June 30, 2022.

The University participated in the federal Perkins Loan Program during the year ended June 30, 2022. This loan program is directly administered by the University and is considered a revolving loan program, whereby collections received on past loans, including interest, is loaned out to current students. The beginning loan balance is included on the federal expenditures presented in the Schedule.

Under the current Perkins Loan Program, new Perkins loans cannot be disbursed after September 30, 2017. Borrowers who received a loan disbursement prior to October 1, 2017 for the 2017-2018 award year could still receive subsequent disbursements through June 30, 2018. No Perkins loan disbursements have been permitted after June 30, 2018 under any circumstances. The University is waiting for further guidance from the U.S. Department of Education.

Perkins Loan Program CFDA #84.038

Outstanding loan balance, July 1, 2021	<u>\$ 4,358,658</u>
Decreases:	
Principal collected	377,122
Principal canceled	<u>39,221</u>
Total	<u>416,343</u>
Outstanding loan balance, June 30, 2022	<u>\$ 3,942,315</u>

There were no administrative costs charged to loan programs during fiscal year 2022.

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

5. MAJOR PROGRAMS

The following federal program expenditures comprise major program expenditures under OMB Uniform Guidance for the year ended June 30, 2022:

Major program expenditures:	
Student Financial Aid Cluster	\$41,143,852
Higher Education Emergency Relief Fund Cluster	10,041,698
Non-major program expenditures	<u>1,515,770</u>
Total federal expenditures	<u>\$52,701,320</u>

As part of the Student Financial Aid Program, Eastern Illinois University administers loan proceeds under the Perkins Loan Program and the William D. Ford Federal Direct Loan Program (as described in Note 4).

6. INDIRECT COST RATE

The University has elected not to use the ten-percent *de minimus* indirect cost rate allowed under the Uniform Guidance.

7. INSURANCE PAYMENTS

There was no federally-funded insurance in effect during the fiscal year ended June 30, 2022.

8. FEDERAL DEPOSITORY LIBRARY PROGRAM

The University's Library serves as a depository library for the U.S. Government Publishing Office's Federal Depository Library Program. The University is the legal custodian of government publications received under this program, however, these publications remain the property of the federal government.

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

9. RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following is a reconciliation of total expenditures as reported on the accompanying Schedule of Expenditures of Federal Awards to the revenue items reported as federal and state grants and contracts on the Statement of Revenues, Expenses and Changes in Net Position included in Eastern Illinois University's financial statements.

Funds, derived from federal aid, gifts or grants, may be used only to meet expenditures for the purposes specifically identified by sponsoring agencies. The federal aid, gifts or grants are recognized as revenue in Eastern Illinois University's financial statements as expended.

Therefore, expenditures on the Schedule of Expenditures of Federal Awards agree with revenues on the Statement of Revenues, Expenses and Changes in Net Position, except as noted below:

Total expenditures as shown on the Schedule of Expenditures of Federal Awards	\$52,701,320
Add:	
Direct state grants/contracts	15,751,587
Subtract:	
Federal Perkins loan program – federal capital contributions included on the Schedule of Expenditures of Federal Awards not included in the financial statements (less administrative costs)	(4,358,658)
Direct loans included in the Schedule of Expenditures of Federal Awards not included in the financial statements	<u>(25,726,108)</u>
Total federal and state grants and contracts revenues shown on the Statement of Revenues, Expenses and Changes in Net Position	<u>\$38,368,141</u>

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FEDERAL AND NONFEDERAL FINANCIAL ACTIVITY
For the Year Ended June 30, 2022

(IN THOUSANDS)

The following schedules are used to determine the University's Single Audit costs in accordance with the Uniform Guidance (2 CFR § 200.425).

Schedule A: Federal Financial Component

Total federal expenditures	\$ 52,701
Total, Schedule A	<u>\$ 52,701</u>

Schedule B: Total Financial Component

Total operating expenses	\$ 181,788
Total nonoperating expenses	4,307
Federal loan balances:	
Perkins Loan Program	4,359
Total value of new federal loans:	
Federal Direct Loans	25,726
Other noncash federal award expenditures	-
Total, Schedule B	<u>\$ 216,180</u>

Schedule C: Computation of Nonfederal Expenses

Total, Schedule B	\$ 216,180	100.000%
Total, Schedule A	<u>52,701</u>	<u>24.378%</u>
Total nonfederal expenses	<u>\$ 163,479</u>	<u>75.622%</u>