



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

William G. Holland, Auditor General

**SUMMARY REPORT DIGEST**

**NORTHEASTERN ILLINOIS UNIVERSITY**

**Single Audit and State Compliance Examination  
For the Year Ended: June 30, 2013**

**Release Date: March 26, 2014**

**Summary of Findings this Audit Cycle:**

• Compliance and Single Audit	13
• Financial Audit (previously reported 12-19-13)	<u>1</u>
Total findings	14
Summary of findings from previous audit cycle:	12
Findings repeated:	6

**SYNOPSIS**

- The University prepared an inaccurate Schedule of Expenditures of Federal Awards.
- The University's annual performance report for the TRIO Program incorrectly reported participant data.
- The University's major systems were not reviewed by internal audit in the required timeframe.
- Required background checks were not conducted prior to employment for individuals listed in security sensitive positions.
- The University had inadequate policies in place to obtain and retain signed statements acknowledging that employees understand the reporting requirements under the Abuse and Neglected Child Reporting Act.

{Financial data is summarized on the reverse page.}

**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SINGLE AUDIT AND COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2013**

<b>INCOME FUND REVENUES AND EXPENDITURES</b>	<b>2013</b>	<b>2012</b>
<b>Income Fund Revenues</b>		
Tuition.....	\$ 59,332,767	\$ 60,288,780
Rental Income.....	50,789	52,809
Investment Income.....	105,963	140,398
Miscellaneous.....	3,351,663	1,699,642
<b>Total Income Fund Revenues.....</b>	<b>\$ 62,841,182</b>	<b>\$ 62,181,629</b>
<b>Income Fund Expenditures</b>		
Personal Services (including change in accrued compensated absences)	\$ 32,346,527	\$ 30,557,292
Social Security, Medicare, Health and Life Insurance.....	1,071,439	431,732
Contractual Services.....	8,703,953	7,906,905
Travel .....	356,907	285,323
Commodities.....	1,159,155	1,098,595
Equipment and Library Books.....	2,443,250	1,935,240
Telecommunications.....	361,752	557,421
Operation of Automotive.....	29,033	32,147
Awards, Grants and Matching Funds.....	1,091,837	473,647
Permanent Improvements.....	55,102	228,584
Tuition and Fee Waivers.....	3,809,857	3,872,852
<b>Total Income Fund Expenditures.....</b>	<b>\$ 51,428,812</b>	<b>\$ 47,379,738</b>
<b>SUPPLEMENTARY INFORMATION (UNAUDITED)</b>	<b>2013</b>	<b>2012</b>
<b>Employment Statistics</b>		
Administration .....	323	331
Faculty.....	601	541
Civil Service.....	598	522
Students.....	430	521
<b>Total Employees.....</b>	<b>1,952</b>	<b>1,915</b>
<b>Selected Activity Measures</b>		
<b>Average Annual Full-time equivalent students.....</b>	<b>8,004</b>	<b>8,473</b>
<b>Full-time equivalent cost per student - Undergraduate.....</b>	<b>\$ 9,622</b>	<b>\$ 9,265</b>
<b>Full-time equivalent cost per student - Graduate.....</b>	<b>\$ 13,162</b>	<b>\$ 13,781</b>
<b>PRESIDENT</b>		
During Audit Period and Currently: Dr. Sharon K. Hahs		

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**IMPROVEMENTS NEEDED IN PREPARATION OF  
THE SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS**

The University did not prepare an accurate Schedule of Expenditures of Federal Awards (SEFA).

The University provided the auditors its “final” SEFA on October 2, 2013. Subsequent to this date, the following misstatements were discovered:

**\$131,761 grant was missing from the SEFA**

- The University failed to identify the Department of Health and Human Services Cancer Centers Support Grants program as a Federally funded program and include the related \$131,761 in expenditures in the SEFA provided to the auditors. These program expenditures were subsequently reflected in the SEFA.

**\$584,360 inappropriately included in SEFA**

- The University erroneously included \$584,360 of Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) program expenditures in the current fiscal year that related to the prior fiscal year. (Finding 2, Pages 19-20)

We recommended the University improve its controls over financial reporting so that it can prepare an accurate SEFA.

**University agrees with the auditors**

University officials agreed with the finding and recommendation.

**TRIO REPORTING INACCURACIES**

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

**Inaccurate reporting**

In our testing of performance data reported for 42 TRIO program participants we noted:

- Four participants indicating an incorrect college grade level at entry into the program.
- One participant indicating an incorrect college grade level at the end of the academic year.
- One participant indicating an incorrect first enrollment date.
- One participant indicating an incorrect eligibility classification.

- One participant indicating an incorrect participant status reported. (Finding 7, Pages 28-29).

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

**University agrees with the auditors**

University officials agreed with the finding and recommendation.

### **UNTIMELY COMPLETION OF INTERNAL AUDITS**

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

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

We noted that the University had not audited all major systems of internal accounting and administrative control within the required two year timeframe. Specifically, we noted the following audits had not been performed during the prior two fiscal years ending June 30, 2013:

- Cash and tuition fee receipts – The most recent audit was performed on transactions occurring prior to June 30, 2011. The report related to the testing was issued in September 2011.
- Grants and contracts – The most recent audit was performed on contracts entered into prior to June 30, 2011. The report related to the testing was issued in August 2011. (Finding 9, Page 32)

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

**University agrees with the auditors**

University officials agreed with the finding and recommendation.

### **INADEQUATE CONTROLS OVER BACKGROUND CHECKS**

**Background checks not completed prior to employment**

The University did not have adequate controls in place for required background checks to be conducted prior to employment for those employees listed in security sensitive positions.

We selected 15 employees listed in security sensitive positions and noted that background checks were not completed prior to employment for 8 of the 15 employees. (Finding 12, Page 35)

We recommended the University review its internal policies and procedures regarding the timely completion of background checks and complete all required background checks in accordance with the Campus Security Enhancement Act of 2008.

**University agrees with the auditors**

University officials agreed with the finding and recommendation.

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

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

The University did not have adequate policies in place to obtain and retain signed statements to acknowledge that employees understand the reporting requirements under the Abused and Neglected Child Reporting Act.

We were informed by University management that except in the case of employees at the Child Care Center, the University is not currently requiring employees to sign a statement notifying them of their status as reporters of child abuse.  
(Finding 13, Page 36)

The Abused and Neglected Child Reporting Act (Act) (325 ILCS 5/4) states that personnel employed by institutions of higher education on and after July 1, 1986 shall sign a statement on a form prescribed by the Illinois Department of Children and Family Services, to the effect that the employee has knowledge and understanding of the reporting requirements of this Act. The statement shall be signed prior to commencement of the employment. The signed statement shall be retained by the employer.

University officials stated the University encountered staff turnover in the position responsible for this compliance reporting and failed to assure that the appropriate training was documented.

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

**University agrees with the auditors**

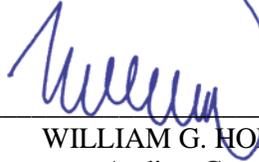
University officials agreed with the finding and recommendation.

## **OTHER FINDINGS**

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

## **AUDITORS' OPINION**

The financial reports were previously released. Our auditors state the University financial statements as of June 30, 2013 are fairly presented in all material respects.



A handwritten signature in blue ink, appearing to read "William G. Holland", is written over a horizontal line. The signature is stylized and cursive.

WILLIAM G. HOLLAND  
.. Auditor General

WGH:TLK

## **SPECIAL ASSISTANT AUDITORS**

CliftonLarsonAllen were our special assistant auditors.