



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

NORTHEASTERN ILLINOIS UNIVERSITY

State Compliance Examination
 For the Year Ended June 30, 2021

Release Date: June 2, 2022

FINDINGS THIS AUDIT: 16	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2020	21-01	21-04, 21-06 21-08, 21-15	
Category 2:	2	13	15	2019		21-03, 21-05 21-12	
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>	2018		21-07, 21-09 21-10	
TOTAL	2	14	16	2017		21-02	
				2015		21-13	
FINDINGS LAST AUDIT: 20				2013		21-14	

INTRODUCTION

This digest covers the Northeastern Illinois University (University) Compliance Examination for the year ended June 30, 2021. Separate digests covers the University's Financial Audit and Single Audit as of and for the year ended June 30, 2021. In total, this report contains 16 findings, three were reported in the Financial Audit and eight were reported in the Single Audit.

SYNOPSIS

- (21-09) The University did not have adequate controls over its property and equipment.
- (21-14) The University did not ensure an adequately developed and tested disaster recovery plan existed for critical applications.
- (21-15) Noncompliance with the Illinois Articulation Initiative Act.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

NORTHEASTERN ILLINOIS UNIVERSITY
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2021

COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES	FY 2021	FY2020
INCOME FUND REVENUES		
Student Tuition and Rental Income.....	\$ 58,532,981	\$ 58,460,857
Investment Income.....	55,325	839,019
Miscellaneous.....	582,974	4,011,288
Total Revenues.....	59,171,280	63,311,164
INCOME FUND EXPENDITURES		
Personal Services.....	28,440,173	30,776,571
Social Security, Medicare and benefits.....	2,053,704	3,723,401
Contractual Services.....	11,000,446	12,381,314
Travel.....	19,212	124,109
Commodities.....	427,820	559,923
Equipment and library books.....	324,279	427,325
Telecommunications Services.....	245,141	180,309
Operation of Automotive Equipment.....	38,221	50,275
Awards, Grants and Matching Funds.....	1,407,033	1,331,742
Tuition and Fee Waivers.....	3,624,130	4,177,016
Loss on cancelled capital project.....	-	39,257
Other Transfers.....	1,885,729	4,163,452
Total Expenditures.....	49,465,888	57,934,694
EXCESS OF REVENUES OVER EXPENDITURES.....	\$ 9,705,392	\$ 5,376,470
SUPPLEMENTAL INFORMATION (Unaudited)	FY 2021	FY 2020
Employment Statistics		
Faculty.....	378	396
Academic Professionals.....	133	164
Administration.....	141	142
Other Professionals.....	259	259
Support Staff.....	100	106
Total Employees.....	1,011	1,067
Cost Per Student		
Cost Per Full-Time Equivalent Student.....	17,840	15,247
PRESIDENT		
During Examination Period and Currently: Dr. Gloria Gibson		

FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INADEQUATE CONTROLS OVER UNIVERSITY PROPERTY AND EQUIPMENT

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

University property could not be located

During our tracing of 80 equipment items totaling \$297,168 to the annual inventory report submitted to the Department of Central Management Services (CMS), we noted 2 (3%) equipment items consisting of a laptop cart and an oversized printer totaling \$2,365 purchased prior to the annual inventory report date could not be traced to the annual inventory report. It was determined the equipment items were not timely recorded in the University's property records to allow for the equipment to be included in the annual inventory report. These items were recorded 236 to 309 days after the acquisition dates.

Auditors noted weakness over University's annual inventory count

During our review of the University's annual inventory count certification, we noted the University did not accurately report the results of its annual inventory count to CMS. The University performed its annual inventory count between July 2020 to October 2020. During this timeframe, the University identified 153 unlocated items totaling \$108,724 consisting of 127 non-computer items totaling \$72,062, and 26 computers and laptops totaling \$36,662. The University prepared and submitted deletion requests for these unlocated items prior to the submission of its annual inventory certification to CMS, allowing the University to report discrepancy of only 2 items totaling \$2,026 between its records and its annual inventory count.

University written policies and procedures do not cover some equipment management issues

The University did not have approved written policies and procedures on certain critical functions and processes related to equipment management such as:

- Proper conduct of the physical count process.
 - Adequate accounting and monitoring of electronic devices individually costing below \$1,000.
 - Delineating the categories of equipment that are subject to theft with value less than the nominal value to ensure equipment is marked with a unique identification number. (Finding 09, pages 33-35)
- This finding has been repeated since 2018.**

We recommended the University improve its procedures to ensure property and equipment records are accurately maintained and assets are properly accounted for. We also recommended the University establish relevant equipment

management policies to ensure procedures are observed consistently by employees.

University agreed with auditors

University officials agreed with the finding.

LACK OF DISASTER CONTINGENCY PLAN

The University did not ensure an adequately developed and tested disaster recovery plan existed for critical applications.

University did not develop and test a disaster recovery plan

The University had invested in computer hardware and systems and had established several critical, confidential or financially sensitive applications for use in meeting its mission. However, the University had not developed and tested a disaster recovery plan to recover their applications. (Finding 14, page 45) **This finding has been repeated since 2013.**

We recommended the University develop a formal disaster recovery plan to be tested at least annually. The plan should be continuously updated to reflect environmental changes and improvements identified from the tests.

University agreed with auditors

University officials agreed with the finding.

NONCOMPLIANCE WITH THE ILLINOIS ARTICULATION INITIATIVE ACT

The University did not submit a minimum of one course per major under the Illinois Articulation Initiative (Initiative) for some majors offered by the University.

University did not have one course minimum within 11 related Initiative majors

The Initiative, through its itransfer.org website, exists to ease the transfer of students among the State's associate and baccalaureate degree granting institutions.

During testing, we noted the University did not have a minimum of one course included within the related Initiative major for its art, biology, early childhood education, physics, political science, psychology, English, history, media and communication arts, theater arts and sociology degree programs. (Finding 15, page 46)

We recommended the University fully comply with the requirements of the Act by maintaining a minimum of one course in the related Initiative major that the University is offering.

University agreed with auditors

University officials agreed with the finding.

OTHER FINDINGS

The remaining findings are reportedly being given attention by the University. We will review the University's progress

towards the implementation of our recommendations in our next engagement.

ACCOUNTANT'S OPINION

The accountants conducted a State compliance examination of the University for the year ended June 30, 2021, as required by the Illinois State Auditing Act. The accountants qualified their report on State compliance for Finding 2021-001. Except for the noncompliance described in this finding, the accountants stated the University complied, in all material respects, with the requirements described in the report.

This State compliance examination was conducted by Roth & Co., LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

FJM:JGR