

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION

For the Year Ended June 30, 2022

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

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2022

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Other Reports Issued Under a Separate Cover

Northeastern Illinois University’s financial statements and *Federal Single Audit* for the year ended June 30, 2022, have been issued under separate covers. Additionally, in accordance with *Government Auditing Standards*, we have issued the *Report Required Under Government Auditing Standards* for the year ended June 30, 2022, on our consideration of the University’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters, under a separate cover. The purpose of this report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of the audit.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2022

University Officials

President	Dr. Gloria Gibson
Provost (07/01/21 to 07/04/22)	Dr. Dennis Rome
Interim Provost and Vice President for Academic Affairs (07/05/22 to Present)	Dr. Andrea Evans
Vice President for Finance and Administration/Treasurer	Mr. Manish Kumar
Vice President for Student Affairs	Dr. Terry Mena
Vice President for Institutional Advancement	Ms. Liesl Downey
Vice President for Legal Affairs (01/01/21 to 09/19/21)	Vacant
Vice President for Legal Affairs (09/20/21 to Present)	Mr. G.A. Finch
Executive Director for Finance and Administration	Ms. Beni Ortiz
Interim Director of Financial Affairs/Controller (05/01/21 to 11/19/21)	Mr. Olegario Flores
Director of Financial Affairs/Controller (11/20/21 to 01/23/22)	Vacant
Director of Financial Affairs/Controller (01/24/22 to 03/19/22)	Mr. Patrick Alforque
Director of Financial Affairs/Controller (03/20/22 to 05/22/22)	Vacant
Director of Financial Affairs/Controller (05/23/22 to Present)	Ms. Jannica Rae Quintana
Director of Internal Audit (09/11/17 to 01/06/23)	Ms. Rita Moore
Director of Internal Audit (01/07/23 to Present)	Vacant

Board of Trustees

Chair (10/04/06 to 01/16/23)	Mr. Jim Palos
Chair (01/17/23 to 03/05/23)	Vacant
Chair (03/06/23 to Present)	Mr. Jose Rico
Vice Chair (02/27/17 to 01/16/23)	Ms. Sherry Eagle
Vice Chair (01/17/23 to 03/05/23)	Vacant
Vice Chair (03/06/23 to Present)	Mr. Marvin Garcia
Secretary (03/28/11 to 01/16/23)	Mr. Jonathan Stein
Secretary (01/17/23 to 03/05/23)	Vacant
Secretary (03/06/23 to Present)	Mr. J. Todd Phillips
Member (10/04/06 to 01/16/23)	Mr. Carlos Azcoitia
Member (01/07/23 to 03/05/23)	Mr. Jose Rico
Member (05/06/19 to 03/05/23)	Mr. Marvin Garcia
Member	Ms. Ann Kalayil
Member (05/06/19 to 01/31/23)	Mr. Charles Serrano
Member (01/31/23 to 03/05/23)	Mr. J. Todd Phillips
Member (01/31/23 to Present)	Ms. Paula Wolff
Member (3/16/23 to Present)	Ms. Betty Fleurimond
Member	Vacant
Member	Vacant
Student Member	Ms. Shyrice Howell

University Office

Northeastern Illinois University's primary administrative office is located at 5500 N. St. Louis Avenue, Chicago, Illinois 60625.

Finance and Administration
5500 N. St. Louis Ave.
Chicago, IL 60625-4699
Phone: (773) 442-5100
Email: finadmin@neiu.edu

May 10, 2023

Plante & Moran, PLLC
750 Trade Centre Way, Suite 300
Portage Michigan 49002

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 Northeastern Illinois University (the "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, 2022. Based on this evaluation, we assert that during the year ended June 30, 2022, 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. 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,

Northeastern Illinois University

Original Signature on File

Dr. Gloria J. Gibson
President

Original Signature on File

Mr. Manish Kumar
Vice President of
Finance and Administration

Original Signature on File

Mr. G.A. Finch
General Counsel

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2022

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 or disclaimers but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of Findings	<u>Current Reports</u>	<u>Prior Reports</u>
Findings	12	16
Repeated Findings	8	14
Prior Recommendations Implemented or Not Repeated	8	6

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2022-001	10	2021/2020	Inadequate Internal Controls Over Census Data	Material Weakness/ Noncompliance
2022-002	13	2021/2017	Weakness over Computer Security	Significant Deficiency/ Noncompliance
2022-003	15	2021/2019	Lack of Adequate Controls over Review of Internal Controls over Service Providers	Significant Deficiency/ Noncompliance
2022-004	17	New	Lack of Adequate Reviews over Year-end Reports and Reconciliations	Significant Deficiency/ Noncompliance
2022-005	20	2021/2020	Noncompliance with Grant Report Requirements	Significant Deficiency/ Noncompliance

NORTHEASTERN ILLINOIS UNIVERSITY
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For the Year Ended June 30, 2022

SCHEDULE OF FINDINGS (continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (continued)				
2022-006	21	New	Insufficient Controls over Expenses Charged to TRIO Grant	Significant Deficiency/ Noncompliance
2022-007	23	New	Insufficient Controls over Payroll Charged to Research Grant	Significant Deficiency/ Noncompliance
2022-008	25	2021/2019	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency/ Noncompliance
2022-009	27	2021/2013	Lack of Disaster Contingency Plan	Significant Deficiency/ Noncompliance
2022-010	28	2021/2018	Inadequate Controls Over University Property and Equipment	Significant Deficiency/ Noncompliance
2022-011	30	New	Noncompliance with the Fiscal Control and Internal Auditing Act	Significant Deficiency/ Noncompliance
2022-012	31	2021/2018	Weakness Regarding Clearing of Data from Electronic Devices	Significant Deficiency/ Noncompliance

NORTHEASTERN ILLINOIS UNIVERSITY
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STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2022

SCHEDULE OF FINDINGS (continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>
Prior Findings Not Repeated			
A	33	2021/2020	Reporting of Disbursements to Common Origination and Disbursement System
B	33	2021/2019	Information Technology Risk Assessment Not Performed
C	33	2021/2020	Cost of Attendance for Student Financial Assistance
D	33	2021/2018	Inadequate Controls Over Subrecipients
E	34	2021/2021	Noncompliance with the Mental Health Early Action on Campus Act
F	34	2021/2015	Noncompliance with Payment Card Industry Security Standards
G	34	2021/2020	Noncompliance with the Illinois Articulation Initiative Act
H	34	2021/2021	Noncompliance with the Identity Protection Act

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Beni Ortiz, Executive Director for Finance and Administration, on May 3, 2023. The responses to the recommendations were provided by Beni Ortiz, Executive Director for Finance and Administration, in a correspondence dated May 3, 2023.

INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

And

The Board of Trustees
Northeastern Illinois University

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by Northeastern Illinois University (University) 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, 2022. Management of the University is responsible for 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.

Honorable Frank J. Mautino
Auditor General
State of Illinois

And

The Board of Trustees
Northeastern Illinois University

Our 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*. These standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the University complied with the specified requirements in all material respects. 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 judgement, including an assessment of the risks of material noncompliance with the specified requirements, 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 requirements applicable to the University during the year ended June 30, 2022. As described in the accompanying Schedule of Findings as item 2022-001, 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 requirements described in the preceding paragraph, the University complied with the specified requirements during the year ended June 30, 2022, in all material respects. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2022-002 through 2022-012.

The University's responses to the compliance findings identified in our examination are 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 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.

Honorable Frank J. Mautino
Auditor General
State of Illinois

And

The Board of Trustees
Northeastern Illinois University

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 to determine the 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 have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be a material weakness 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 a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as item 2022-001 to be a material weakness.

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, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-002 through 2022-012 to be significant deficiencies.

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

The University's responses to the internal control findings identified in our examination are 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.

Honorable Frank J. Mautino
Auditor General
State of Illinois

And

The Board of Trustees
Northeastern Illinois University

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Original Signature on File

Portage, MI
May 10, 2023

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-001 FINDING - Inadequate Internal Controls over Census Data

Northeastern 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 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 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 24 instances of an active employee becoming inactive and 2 instances of an active employee becoming retired were reported to SURS after the close of the fiscal year in which the event occurred. There was also 1 instance previously reported that impacted the June 30, 2020 census data.

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.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-001 FINDING - Inadequate Internal Controls over Census Data (continued)

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 a person who works for the University in a secretarial, mechanical, labor, clerical, educational, administrative, or other staff position which is either (a) permanent and continuous or (b) for a period of four months or an academic term, whichever is less, who is:

- 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 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.

Further, 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)).

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-001 FINDING - Inadequate Internal Controls over Census Data (continued)

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 the difficulty in timely reporting events which occur near the end of the fiscal year to SURS. Finally, they indicated the one instructor was not reported to SURS due to oversight.

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.

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 agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-002 FINDING - Weaknesses over Computer Security

Northeastern Illinois University (University) did not safeguard their computing environment. The University had invested in computer hardware and systems and had established several critical, confidential, or financially sensitive systems for use in meeting its mission. However, during testing, we noted:

- User access rights to the applications and network were not periodically reviewed.
- Users were granted excessive access rights.
- 26 of 188 servers (14%) and 201 of 942 (21%) of workstations contained outdated and unsupported operating systems.
- Encryption software was not installed on all laptops.
- A change management process had not been implemented for changes to applications and the IT environment.

This finding was first reported in Fiscal Year 2017. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve its controls over computer security.

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 review access to their applications and data on a periodic basis. Additionally, the Configuration Management section, requires entities to maintain up-to-date configurations on all devices and develop a change management process. Further, the System and Communications Protection section, requires entities to maintain security over all devices and transmissions, utilizing encryption.

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 and administrative controls to provide assurance funds, property and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

University officials stated the issues were due to staffing constraints and competing priorities.

Failure to have adequate security over computing resources increases the risk of unauthorized access to the computing environment. Failure to control and safeguard confidential and sensitive information could result in unauthorized disclosure and inappropriate use of personal information. (Finding Code No. 2022-002, 2021-002, 2020-002, 2019-018, 2018-021, 2017-018)

RECOMMENDATION

We recommend the University:

- Perform a periodic review of system access rights to ensure access rights are appropriate and based on job requirements.
- Develop a roadmap to upgrade or decommission unsupported systems.
- Ensure all laptops are encrypted.
- Develop a formal change management process for changes to applications and IT infrastructure.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-002 FINDING - Weaknesses over Computer Security (continued)

UNIVERSITY RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

**2022-003 FINDING - Lack of Adequate Controls over Review of Internal Controls
over Service Providers**

The Northeastern Illinois University (University) did not document independent internal control reviews over service providers.

The University entered into agreements with various service providers to assist with significant processes such as (1) receipts processing for online credit card payments, (2) disbursement processing of purchasing card, (3) handling of Perkins student loans, (4) tracking of property and equipment, and (5) hosting its Enterprise Application System.

We requested the University to provide a population of service providers. In response to this request, the University provided a listing of service providers. However, our testing noted the listing contained all vendors of the University Technology Services. In addition, we identified service providers from testing that were not on the list. Due to this deficiency, we were unable to conclude the University's records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, and AT-C § 205.36) to test the University's controls over service providers.

Even given the population limitation, we selected seven service providers from the listing provided by the University. During our testing, we noted the University had not:

- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the University's operations for the seven (100%) service providers.
- Established a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms with the service providers.

The University is responsible for the design, implementation, and maintenance of internal controls related to information systems and operations to ensure resources and data are adequately protected from unauthorized or accidental disclosure, modifications, or destruction. This responsibility is not limited due to the process being outsourced.

This finding was first reported in Fiscal Year 2019. In subsequent years, the University has been unsuccessful in implementing adequate controls and procedures to ensure appropriate security structure is established at the service providers.

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), Maintenance and System and Service Acquisition sections, requires entities outsourcing their IT environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

**2022-003 FINDING - Lack of Adequate Controls over Review of Internal Controls
over Service Providers (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 to provide assurance that 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.

University officials stated the above issues were due to competing priorities.

Without maintaining a complete list of service providers and proper documentation of its review of the CUECs relevant to the University, the University does not have assurance the service provider's internal controls are adequate. Failure to include a requirement in the contracts with service providers for independent review and monitor specified performance, problems encountered, and compliance with contractual terms may result in obligations and services not met and not timely detected and corrected. (Finding Code No. 2022-003, 2021-003, 2020-003, 2019-020)

RECOMMENDATION

We recommend the University strengthen its controls in identifying and documenting all service providers. Further, we recommend the University:

- Continue to obtain and document its review of SOC reports (including subservice organizations) or conduct independent internal control reviews at least annually.
- Monitor and document the operation of the CUECs relevant to the University's operations.
- Establish a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms with the service providers.

UNIVERSITY RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-004 FINDING - Lack of Adequate Review of Year-end Reconciliations and Reports

The Northeastern Illinois University (University) did not have an adequate review of its year-end reconciliations and reports.

During our testing we noted the following:

1. We tested four invoices to validate if the assets were capitalized in accordance with the University's policy. We identified one asset within the fixed asset system which was expensed but should have been capitalized within the University's general ledger. Additional testing was completed and three additional items were expensed that should have been capitalized. The University passed on adjusting the immaterial error.

Governmental Accounting Standards Board (GASB) Statement 34, paragraph 18, states that capital assets should be reported at historical cost. Paragraph 21 in the Statement states that capital assets should be depreciation over their estimated useful lives unless they are inexhaustible.

2. We noted the University had exclusive access to a gas line since inception of an agreement in 2015 when a deposit of \$880,012 was recorded as other assets. The asset should have been amortized over the term of the agreement of 10 years. The University made a \$572,008 journal entry to book the cumulative accumulated amortization reducing the asset to the correct balance as of June 20, 2022.

GASB Statement 51, paragraph 16, states that the useful life of an intangible asset that arises from contractual or other legal rights should not exceed the period to which the service capacity of the assets is limited by contractual or legal provisions.

3. We found multiple invoices with improper cutoff between Fiscal Year 2022 and Fiscal Year 2023. When discussed with the University, we noted the University tracks accounts payable through its final audit closing date subsequent to year end, at which point a final evaluation of the unrecorded accounts payable is made and any adjustments recorded.

Based on our testing, we noted:

- a. One invoice totaling \$151,970 which should have been accrued for in Fiscal Year 2022 but was not identified as part of the above process;
- b. Two invoices totaling \$24,036 accrued for as part of the above process that related to Fiscal Year 2023; and,
- c. Additional invoices of approximately \$315,000 identified by the University's General Accounting team as relating to Fiscal Year 2022 as part of the above process but not recorded due to their individual insignificance.

The University passed on adjusting the immaterial error.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-004 FINDING - Lack of Adequate Review of Year-end Reconciliations and Reports (continued)

GASB Statement 62, paragraph 34, states that accounts payable (as part of current liabilities) is intended to include obligations for items that have entered the operating cycle, such as payables incurred in the acquisition of materials and supplies to be used in providing services.

4. We found that the calculation of unearned revenue for summer sessions improperly recognized only a portion of unearned revenue based on cash payments and did not properly recognize the appropriate amount of unearned revenue and accounts receivable for amounts owed by students based on gross tuition and fee revenue. The University made a journal entry recording additional accounts receivable and unearned revenue totaling \$2.6 million which had no impact on the change in net position as of June 30, 2022.

GASB 62, paragraph 23, states revenue from exchange transactions generally should be recognized when an exchange, in the ordinary course of operations, is effected unless the circumstances are such that the collection of the exchange price is not reasonably assured. In addition, GASB Implementation Guide 2015-1, Q7.72.13 states that revenues should be recognized during the period earned.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system or systems of internal fiscal and administrative controls to provide assurance that expenditures and transfers of assets are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Good internal controls require the University to sufficiently review capital asset additions activity during the year to allow for the identification and correction of errors.

University management stated these misstatements were due to insufficient reviews during the evaluation of year end reports and account reconciliations, and secondary reviews of the procedures were not performed at a detailed level to detect the errors. The University believed that gas line contract was enforceable for the whole amount through 2025 and the contract is currently undergoing legal review. The University is currently transitioning to a new database for inventory of fixed assets that was not complete for the year ended June 30, 2022 which caused the lack of adequate review over expenditures.

Failure to maintain adequate internal controls over year-end reconciliations and reports could result in incorrect financial reporting. (Finding Code No. 2022-004)

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-004 FINDING - Lack of Adequate Review of Year-end Reconciliations and Reports (continued)

RECOMMENDATION

We recommend the University strengthen its internal controls related to financial reporting of assets and liabilities. We specifically recommend accounting staff perform an independent secondary review of capital additions and prepaid asset amortization to ensure items agree to supporting documentation and are properly recorded. The University should also perform an independent secondary review of recorded and unrecorded liabilities at year end to ensure all obligations of the University are recorded within the accounting period in which the liability is incurred. The University should also ensure the summer session student receivables and unearned tuition is properly recognized on the statement of net position, specifically as it relates to sessions that cross over the University's year end of June 30.

UNIVERSITY RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-005 FINDING - Noncompliance with Grant Report Requirements

Federal Agency:	Department of Education
Assistance Listing Numbers:	84.425
Program Names and Award Numbers:	Education Stabilization Fund Under the Coronavirus Aid, Relief, And Economic Security Act [COVID-19 Higher Education Emergency Relief Fund: MSI Portion (P425L200096)]; COVID-19 Higher Education Emergency Relief Fund: Institution Portion (P425F200852); COVID-19 Higher Education Emergency Relief Fund: Student Portion (P425E201821); and COVID-19 Governor's Emergency Education Relief Fund (21GEERNEIU)]
Program Expenditures:	\$18,210,693
Questioned Costs:	None

Northeastern Illinois University (University) did not have adequate procedures in place to ensure the Education Stabilization Fund - Higher Education Emergency Relief Fund (HEERF) reporting requirements were submitted accurately and timely.

During our testing of the University's compliance with the grant reporting requirements for HEERF, we noted the University did not review the required reports to ensure accuracy and compliance with the reporting requirements of the grant agreement. We noted the following:

- Four of 4 (100%) Quarterly Public Reports for the Student Aid portion were not correctly completed. The reports were missing 3 of the 7 requirements. The missing requirements were items 1, 4 and 5 described below.

The Federal Register Document No. 2020-19041 released on August 31, 2020 directs each HEERF - Student Portion participating institutions to post the following information on the institution's primary website no later than 10 days after the end of each calendar quarter (September 30, and December 31, March 31, June 30) thereafter: 1) an acknowledgement that the institution signed and returned to the Department of Education (Department) the Certification and Agreement and the assurance that the institution has used, or intends to use, no less than 50 percent of the funds; 2) the total amount of funds that the institution will receive or has received from the Department; 3) the total amount of grants distributed to students; 4) the estimated total number of students at the institution eligible to participate and receive the grant; 5) the total number of students who have received the grant; 6) the method(s) used by the institution to determine which students receive the grant and how they would receive; and, 7) any instructions, directions or guidance provided by the institution to students concerning the grant.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-005 FINDING - Noncompliance with Grant Report Requirements (continued)

- Three out of 8 (38%) Quarterly Public Reports were posted to the University website 1 day late in one instance and not posted to the University's website in two instances.

The Department of Education Quarterly Budget and Expenditure Reporting Form requires the University to post the Quarterly Public Reports covering each quarterly reporting period (September 30, December 31, March 31, June 30), no later than 10 days after the end of each calendar quarter.

Uniform Guidance (2 CFR 200.303(a)) requires nonfederal entities receiving federal awards establish and maintain effective internal control designed to reasonably ensure compliance with Federal laws, statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure that all earmarking requirements are reviewed to ensure compliance.

University officials stated required reports were not timely and accurately submitted due to turnover within the University resulting in staffing constraints.

Failure to meet grant reporting requirements is noncompliance with federal regulations and could result in loss of grant funding in future years. (Finding Code No. 2022-005, 2021-008, 2020-011)

RECOMMENDATION

We recommend the University improve its grant reporting and monitoring process to adhere with grant request for proposal and application agreement.

UNIVERSITY RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-006 FINDING - Insufficient Controls over Expenses Charged to TRIO Grant

Federal Agency:	Department of Education
Assistance Listing Number:	84.042
Program Names and Award Numbers:	TRIO – Student Support Services, P042A200421
Program Expenditures:	\$809,380
Questioned Costs:	\$19,174

Northeastern Illinois University (University) charged unallowable expenditures to the Federal TRIO Program (TRIO) - Student Support Services grant

During the testing of 40 expenditures selected from all of the TRIO grants, we noted one (3%) expenditure from the TRIO Student Support Services grant was an unallowable direct cost. It was for a legal settlement of \$17,500 paid to an employee plus directly associated costs of \$1,674. There was no approval request sent to the Department of Education. The sample was not intended to be, and was not, a statistically valid sample.

Uniform Guidance (2 CFR 200.441) state that costs resulting from non-Federal entity violations of, alleged violations of, or failure to comply with, Federal, state, tribal, local or foreign laws and regulations are unallowable, except when incurred as a result of compliance with specific provisions of the Federal award, or with prior written approval of the Federal awarding agency.

Uniform Guidance (2 CFR 200.303(a)) requires nonfederal entities receiving federal awards establish and maintain effective internal control designed to reasonably ensure compliance with Federal laws, statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure that all allowability policies are followed.

University officials stated, there was inadequate communication between the departments involved.

Failure to adequately review costs allowable under the uniform guidance principles resulted in the University overstating expenditures charged to the grant. (Finding Code No. 2022-006)

RECOMMENDATION

We recommend the University ensure costs charged to grants are allowable under the Uniform Guidance.

UNIVERSITY'S RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-007 FINDING - Insufficient Controls over Payroll Charged to a Research Grant

Federal Agency:	National Institute of Health
Assistance Listing Number:	93.397
Program Names and Award Numbers:	Cancer Centers Support Grants (The Chicago Cancer Health Equity Collaborative a/k/a ChicagoCHEC), U54CA202995
Program Expenditures:	\$1,083,258
Questioned Costs:	None

Northeastern Illinois University (University) did not pay an employee for the time worked on a grant for a 3-month period when the employee worked those hours.

During the testing of 60 expenditures selected from various research and development grants, we noted one (2%) expenditure tested for allowability was for retroactive pay to an employee originally only paid half of the hours worked on a grant for a 3-month period. The employee's reported work hours were adjusted between periods to match available funding under the assumption that additional funding would be secured in a timely manner. The sample was not intended to be, and was not, a statistically valid sample.

Uniform Guidance (2 CFR 200.430(i)) states charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. In accordance with Department of Labor regulations implementing the Fair Labor Standards Act (FLSA) (29 CFR part 516), charges for the salaries and wages of nonexempt employees must also be supported by records indicating the total number of hours worked each day.

Uniform Guidance (2 CFR 200.303(a)) requires nonfederal entities receiving federal awards establish and maintain effective internal control designed to reasonably ensure compliance with Federal laws, statutes, regulations, and the terms and conditions of the Federal award. Effective internal controls should include procedures to ensure that all allowability policies are followed.

University officials stated there was a significant delay by the funding agency in approving the usage of unspent grant funds from a prior period due to a delay in accepting the final financial status report for the previous grant period resulting in the University creating the payroll situation above.

University's response to delays in securing funding to pay employee resulted in costs being paid and charged to the grant in the wrong time periods. (Finding Code No. 2022-007).

RECOMMENDATION

We recommend the University ensure procedures for payroll charges for employees are always for the actual hours worked within a given pay period according to the applicable regulations.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

**2022-007 FINDING - Insufficient Controls over Payroll Charged to a Research Grant
(continued)**

UNIVERSITY RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-008 FINDING - Weaknesses in Cybersecurity Programs and Practices

Northeastern Illinois University (University) did not maintain adequate internal controls related to its cybersecurity programs and practices.

As a public university, which provides an environment for learning, teaching and scholarship, the University maintains computer systems that contain large volumes of confidential or personal information such names, addresses, and Social Security numbers of students and employees.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. During our examination of the University's cybersecurity program, practices, and control of confidential information, we noted the University had not:

- Performed a comprehensive risk assessment during the examination period.
- Evaluated and implemented appropriate controls to reduce the risk of attack.
- Classified its data to identify and ensured adequate protection of information.
- Established a project management framework to ensure new applications were developed and implemented in accordance with the University's intentions.

This finding was first reported in Fiscal Year 2019. In subsequent years, the University has been unsuccessful in establishing adequate controls related to cybersecurity.

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 and administrative controls to provide assurance funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State's resources.

In addition, the *Framework for Improving Critical Infrastructure Cybersecurity* (Framework) published by the National Institute of Standards and Technology (NIST) requires the implementation of the Framework to develop an organizational understanding to manage cybersecurity risk to systems, people, assets, data, and capabilities; and implement appropriate safeguards, and activities to identify, detect and respond to any cybersecurity event or incident.

University officials stated the issues were due to staffing constraints and competing priorities.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the University's volumes of confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2022-008, 2021-012, 2020-018, 2019-019).

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-008 FINDING - Weaknesses in Cybersecurity Programs and Practices (continued)

RECOMMENDATION

The University has the responsibility to ensure that confidential and personal information is adequately protected. We recommend the University:

- Perform a comprehensive risk assessment to ensure its resources and data are adequately protected.
- Classify its data to ensure adequate protection of confidential or personal information most susceptible to attack.
- Develop and maintain a project management framework to ensure new applications are developed and implemented in accordance with University's intentions.
- Evaluate and implement appropriate controls to reduce the risk of an attack.

UNIVERSITY'S RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-009 FINDING - Lack of Disaster Contingency Plan

Northeastern Illinois University (University) did not ensure an adequately developed and tested disaster recovery plan existed for critical applications.

The University had not developed a disaster recovery plan and a business continuity plan in order to recover their environment, applications and data. In addition, the University did not perform a disaster recovery test during the period under examination.

This finding was first reported in Fiscal Year 2013. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to develop and test a disaster recovery plan for its critical applications.

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), Contingency Planning section, calls for developing and documenting a business continuity plan and disaster recovery plan addressing roles, responsibilities, and coordination among entities, keeping the plans up-to-date, and testing the plans.

University officials stated the issues were due to competing priorities.

Without an adequately developed and tested disaster recovery plan and business continuity plan, the University cannot ensure its critical applications could be recovered in the event of disaster. (Finding Code No. 2022-009, 2021-014, 2020-016, 2019-016, 2018-019, 2017-015, 2016-016, 2015-013, 2014-015, 2013-014).

RECOMMENDATION

We recommend the University develop a disaster recovery plan and business continuity plan and conduct testing at least annually.

UNIVERSITY'S RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-010 FINDING - Inadequate Controls Over University Property and Equipment

Northeastern Illinois University (University) did not have adequate controls over its property and equipment.

During our testing of 25 equipment additions, totaling \$103,770, we noted 9 (36%) additions tested, totaling \$12,531, were not recorded in the University's property records within 90 days of acquisition. These items were recorded 96 to 160 days after the acquisition dates.

During our testing of 8 equipment expenditures selected from the general ledger for general voucher testing, we noted 5 (63%) equipment expenditures tested totaling \$1,988,034 were not timely recorded in the fixed asset management system. In further testing, we determined that there was a significant lag in recording fixed asset additions and transfers during the year. As a result, the C-15 report populated from general ledger expenditures did not reconcile with the fixed asset report as of June 30, 2022.

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 including the objective of the count, timing and types of counts, instructions for counting and recording, and researching and adjusting discrepancies, as well as procedures and trainings to new employees to perform the count.
- 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. Without a policy addressing the accountability and control of high theft equipment items, there is an increased risk of University property loss without timely detection.

This finding was first reported in Fiscal Year 2018. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve its controls over University property and equipment.

The Department of Central Management Services (CMS) Property Control Rules (44 Ill. Admin. Code 5010.400) requires the University to adjust property records within 90 days of acquisition, change or deletion of equipment items.

The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for the supervision, control and inventory of all property under their jurisdiction to ensure proper accounting and safeguarding of assets.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.210) states equipment that is subject to theft with a value less than the nominal value must be marked with a unique identification number. Additionally, each agency is responsible for adopting policies clearly delineating categories of equipment considered to be subject to theft.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

**2022-010 FINDING - Inadequate Controls Over University Property and Equipment
(continued)**

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

Good business practices and internal controls require entities to establish written physical inventory counting procedures to provide employees with a clear and easily understood plan of action to achieve a consistent and accurate physical count of equipment.

University officials stated the issues were due to staffing constraints and competing priorities.

Inadequate controls over University property may result in inaccurate financial reporting and loss of University property not being timely detected. (Finding Code No. 2022-010, 2021-009, 2020-013, 2019-011, 2018-017)

RECOMMENDATION

We recommend the University improve its procedures to ensure equipment records are accurately maintained and assets are properly accounted for. We also recommend the University establish relevant equipment management policies to ensure procedures are observed consistently by employees.

UNIVERSITY'S RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-011 FINDING - Noncompliance with the Fiscal Control and Internal Auditing Act

Northeastern Illinois University (University) did not fully comply with the Fiscal Control and Internal Auditing Act.

During testing of the University's internal auditing activities, we noted the University did not perform audits according to their approved Fiscal Year 2022 plan, which included payroll conversion, grants, information technology security, and the project management office. In addition, the University did not perform audits of receipts and tuition and fee waivers in Fiscal Year 2021 or 2022.

The Fiscal Control and Internal Auditing Act (FCIAA) (30 ILCS 10/2003) requires the University internal auditing program to include audits of major systems of internal accounting and administrative control conducted on a periodic basis so that all major systems are reviewed at least once every two years. The audits must include testing of the obligation, expenditure, receipt, and use of public funds of the State and of funds held in trust to determine whether those activities are in accordance with applicable laws and regulations.

The Illinois Administrative Code (Code) (23 Ill. Admin. Code 1075.600) states it shall be the responsibility of each public university to assure its tuition and fee waiver program is included in the university's internal audit plan and subject to periodic review by its internal audit staff.

University officials stated required audits of areas mentioned above were not performed within the past two years due to other special audits performed in prior year and challenges brought about by the pandemic during the fiscal year. In addition, University officials stated the internal auditor was asked to be heavily involved in the implementation of the fixed asset database system project which delayed the audits of major systems of internal accounting and administrative control conducted on a periodic basis.

Lack of timely audits of major systems inhibits the University in monitoring the effectiveness of its system of internal controls and resulted in noncompliance with the FCIAA and the Code. (Finding Code No. 2022-011)

RECOMMENDATION

We recommend the University ensure completion of audits according to their approved plan and the Code.

UNIVERSITY'S RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

2022-012 FINDING - Weakness Regarding Clearing of Data from Electronic Devices

Northeastern Illinois University (University) did not ensure electronic devices were cleared of data and software.

During testing of deleted equipment items, including 13 electronic devices totaling \$59,448 consisting of laptops, tablets, central processing unit (CPU), and computers, we noted:

- Three computers (23%) totaling \$3,921 included on the Agency Discrepancy Report were not wiped because they had been stolen or lost. An assessment was not made to determine whether these devices contained confidential and personal information and whether notification was required as outlined in the Personal Information Protection Act.
- One computer (8%) totaling \$1,130 was not included on the Agency Discrepancy Report and was determined to be stolen. An assessment was not made to determine whether this device contained confidential and personal information and whether notification was required as outlined in the Personal Information Protection Act.
- The University did not formalize a policy to address the requirements of the Data Security on State Computers Act to mandate all hard drives of surplus data processing equipment be erased, wiped, sanitized, or destroyed in a manner that prevents retrieval of sensitive data and software before being sold, donated, or transferred.

This finding was first reported in Fiscal Year 2018. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve its controls over clearing of data from electronic devices.

The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for the supervision, control, and inventory of property under their jurisdiction to ensure proper accounting and safeguarding of assets.

The Personal Information Protection Act (815 ILCS 530) requires the University to ensure confidential and personal information were protected from disclosure.

The Data Security on State Computers Act (20 ILCS 450/20) requires governing board of each public university in this State to implement and administer the provisions of this Act with respect to State-owned electronic data processing equipment utilized by the University.

University officials stated the issues were due to staffing constraints and competing priorities.

Failure to wipe, clear of data, or destroy computer hard drives or other electronic storage media before transfer or disposal may result in unauthorized disclosure of sensitive information and may expose the University to unnecessary litigation risks. (Finding Code No. 2022-012, 2021-010, 2020-014, 2019-010, 2018-014)

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - CURRENT FINDINGS
For the Year Ended June 30, 2022

**2022-012 FINDING - Weakness Regarding Clearing of Data from Electronic Devices
(continued)**

RECOMMENDATION

We recommend the University formalize its policy regarding data wiping on electronic storage devices. We further recommend the University conduct an assessment to determine if the devices, lost or stolen, contained confidential or personal information and complete the notification requirements as documented in Personal Information Protection Act. Finally, we recommend the University ensure deleted equipment items are accurately reported as either disposed or included on the Agency Discrepancy Report as lost or stolen.

UNIVERSITY'S RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2022

A. FINDING - Reporting of Disbursements to the Common Origination and Disbursement System

During the prior audit, Northeastern Illinois University (University) did not timely submit disbursement records of the Federal Pell Grant Program to the Department of Education's Common Origination and Disbursement (COD) System.

During the current audit, our sample testing indicated the Federal Pell Grant disbursements were timely submitted to the COD System. (Finding Code No. 2021-004, 2020-005)

B. FINDING - Information Technology Risk Assessment Not Performed

During the prior audit, the University did not document required risk assessments related to student information security.

During the current audit, the funding agency, the U.S. Department of Education followed up on the finding, received and reviewed the documentation supporting the risk assessments related to student information security, approved the documentation, and cleared the finding. (Finding Code No. 2021-005, 2020-006, 2019-007)

C. FINDING - Cost of Attendance for Student Financial Assistance

During the prior audit, the University did not have adequate documentation to support manual changes in the student's cost of attendance information.

During the current audit, our sample testing indicated the cost of attendance was correct or if adjusted, documentation was adequate. In addition, the University updated and formalized its cost of attendance policy. (Finding Code No. 2021-006, 2020-008)

D. FINDING - Inadequate Control Over Subrecipients

During the prior audit, the University did not communicate required program information and monitor subrecipients of federal awards.

During the current audit, our sample testing indicated subrecipient monitoring was properly documented and followed institutional policy adopted in 2020 (Finding Code No. 2021-007, 2020-009, 2019-004, 2018-008)

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS - PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2022

E. FINDING - Noncompliance with the Mental Health Early Action on Campus Act

During the prior examination, the University did not comply with the provisions of the Mental Health Early Action on Campus Act (Act).

During the current examination, the Act (110 ILCS 58/55) states it is subject to appropriations, as recommended by the Commission on Government Forecasting and Accountability and approved by the General Assembly. The University received no state appropriation funding in FY21 or FY22 to implement the Act, and therefore, they are currently not required to comply. (Finding Code No. 2021-011).

F. FINDING - Noncompliance with Payment Card Industry Security Standards

During the prior examination, the University did not ensure compliance with the Payment Card Industry Data Security Standards (PCI DSS).

During the current examination, the University contracted with a vendor to represent the University and perform the requirements of the PCI DSS. (Finding Code No. 2021-013, 2020-017, 2019-017, 2018-020, 2017-016, 2016-017, 2015-014).

G. FINDING - Noncompliance with the Illinois Articulation Initiative Act

During the prior examination, 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.

During the current examination, our testing indicated the University has at least one active course under each related Initiative major in which the University has an equivalent major. (Finding Code No. 2021-015, 2020-020).

H. FINDING - Noncompliance with the Identity Protection Act

During the prior examination, the University did not provide all employees who have access to social security numbers with training in compliance with the Identity Protection Act.

During the current examination, our sample testing did not note any similar exceptions. (Finding Code No. 2021-016).