



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

NORTHEASTERN ILLINOIS UNIVERSITY

Single Audit and Compliance Examination
 For the Two Years Ended June 30, 2020

Release Date: May 25, 2021

FINDINGS THIS AUDIT: 20	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	1	0	1	2019		20-03, 20-04, 20-06, 20-12, 20-15, 20-18	
Category 2:	5	14	19	2018		20-07, 20-09, 20-13, 20-14	
Category 3:	0	0	0	2017		20-02, 20-10	
TOTAL	6	14	20	2015		20-17	
FINDINGS LAST AUDIT: 20				2013		20-16	

INTRODUCTION

This digest covers the Northeastern Illinois University Single Audit and Compliance Examination for the year ended June 30, 2020. A separate digest covering the University's Financial Audit as of and for the year ended June 30, 2020 will be released under separate cover. In total, this report contains 20 findings, three of which were reported in the Financial Audit.

SYNOPSIS

- (20-04) The University did not timely notify students when Federal Direct Student loan funds were credited to students' accounts.
- (20-09) The University did not communicate required program information to subrecipients of federal awards.
- (20-12) The University had weaknesses over Purchasing Credit Card Transactions.
- (20-13) The University did not have adequate controls over its property and equipment.
- (20-15) The University did not comply with the College Student Immunization Act.
- (20-20) The University did not comply with the Illinois Articulation Initiative Act.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with laws and regulations (material noncompliance).

Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with laws and regulations.

Category 3: Findings that have **no internal control issues but are in noncompliance** with laws and regulations.

NORTHEASTERN ILLINOIS UNIVERSITY
SINGLE AUDIT AND COMPLIANCE EXAMINATION
For the Year Ended June 30, 2020

STATE TREASURY EXPENDITURE STATISTICS	2020	2019
Total Expenditures.....	\$ 35,566,900	\$ 33,873,200
OPERATIONS TOTAL.....	\$ 35,566,900	\$ 33,873,200
% of Total Expenditures.....	100%	100%
Personal Services.....	\$ 34,494,300	\$ 32,800,600
Other Payroll Costs (FICA, Retirement).....	1,072,600	1,072,600
All Other Operating Expenditures.....	-	-
Average number of employees.....	1,067	1,074

PRESIDENT
During Audit Period: Dr. Gloria Gibson, President
Currently: Dr. Gloria Gibson, President

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**UNTIMELY NOTIFICATION OF DISBURSEMENT OF
FEDERAL DIRECT STUDENT LOANS**

The University did not timely notify the students when Federal Direct Student Loan funds were credited to students' accounts.

Students were not notified or notified timely after federal assistance was credited to the students' accounts

In testing 36 students who received Federal Direct Student Loans during the fiscal year, we noted 6 (17%) students were not notified when federal financial assistance was credited to the students' accounts. In addition, we noted 1 (3%) student tested, was notified 40 days after the federal assistance was credited to the student's account. The total direct loan disbursed to these students was \$28,605. (Finding 4, pages 28-29)

We recommended the University ensure compliance with the federal regulations regarding student notification.

University agreed with auditors

University officials agreed with the finding.

**FAILURE TO COMMUNICATE REQUIRED
INFORMATION TO SUBRECIPIENTS**

The University did not communicate required program information to subrecipients of federal awards.

University did not communicate required information

During our testing of four subrecipients of the Research and Development Cluster, Higher Education Institutional Aid, and 21st Century Community Learning Centers, we noted the University did not communicate the required information to all (100%) subrecipients tested with federal expenditures totaling \$178,444 to comply with federal statutes, regulations, and terms and conditions of the award. (Finding 9, pages 38-39) **This finding has been repeated since 2018.**

We recommended the University implement uniform procedures across all departments to serve as a guideline in communicating required subaward information to subrecipients.

University agreed with auditors

University officials agreed with the finding.

**WEAKNESSES OVER PURCHASING CREDIT CARD
TRANSACTIONS**

The University had weaknesses over employee use of purchasing credit cards (P-Card).

As of June 30, 2020, the University had 64 active P-Cards in use with an accumulated credit limit of \$400,002.

A few items we noted during our testing of 40 P-Card transactions totaling \$47,609 follow:

P-Cards transactions were not reviewed, were prohibited or were charged to incorrect categories

- There is no documented process that a review was performed by the University Controller's Office to independently check the transactions are proper, supported with receipts, and journal entries are appropriate based on the type of expenses incurred.
- 20 (50%) transactions totaling \$22,233 were not reviewed by the P-Card approvers before the University paid the Vendor.
- Three (8%) transactions totaling \$4,606 were identified to be prohibited P-Card purchases under the Manual. These purchases were payments for an amusement place, a charter bus, and a contractual service. There were no prior approvals submitted, in writing, to the University P-Card Administrator prior to these purchases.
- Four (10%) transactions totaling \$2,814 were charged to incorrect expenditure categories.

Certain provisions of the Manual to control the use of P-Card were not being implemented and observed by the University:

P-Card statements were set be automatically paid with no official review or approval

- During review of 12 monthly P-Card statements, we noted the University set-up its system to automatically pay the P-Card statement balances five calendar days after the end of the statements' billing cycle.
- P-Cards transactions not reviewed and approved by the designated approvers after the end of the 45th day billing cycle were not cancelled in compliance with the requirements of the Manual.

23 employees did not have signed P-Card agreements on file

During review of 23 employees with assigned P-Cards, we noted 13 (57%) employees did not have signed purchasing card agreements on file. (Finding 12, pages 45-47)

We recommended the University strengthen its controls over P-Card processing to prevent abuse, detect unauthorized transactions timely, and properly record transactions. Further, we recommended the University provide annual training to University employees with assigned P-Cards and its designated approvers to ensure compliance with the University P-Card Manual.

University agreed with auditors

University officials agreed with the finding.

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, or was found in different locations than reported on property records

During our physical identification of 20 items from the property records to the item, we noted a musical instrument (5%) amounting to \$5,020 could not be located. The University filed a missing asset investigation report for this item after the auditor's observation.

University property recently purchased was not recorded timely

During our tracing of 20 items physically identified to the property records, we noted two (15%) equipment items consisting of a storage cabinet and a crane totaling \$5,233 were categorized as inactive in the property records.

During our testing of 38 vouchers totaling \$1,031,129, we noted various equipment items purchased, such as furniture, televisions, wireless presentation device, digital media switcher derive, laboratory equipment, printers, teleprompter, laptops, digital cameras, and library materials from 12 vouchers (32%), were not timely recorded in the property records. These items were recorded 102 and 174 days after the vouchers were paid.

Auditors noted weakness over University's annual inventory count

The University did not accurately report the results of its annual inventory count to CMS. The University performed the annual inventory count between July 2019 and October 2019. During this timeframe, the University identified 992 unlocated items totaling \$626,938 consisting of 770 non-computer items totaling \$348,904 and 222 computers and laptops totaling \$278,034. 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 42 discrepancies totaling \$13,920 between its records and its annual inventory count.

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

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

- The University did not have written procedures to properly conduct the entire physical count process including the objective of the count, instructions for counting and recording, and researching and adjusting discrepancies, as well as procedures and trainings to new employees to perform the count.
- 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 13, pages 48-51)

This finding has been repeated since 2018.

We recommended the University improve its procedures to ensure property and equipment records are accurately

maintained, University assets are properly accounted for, and establish relevant policies in the management of equipment to ensure consistent procedures are observed by employees.

University agreed with auditors

University officials agreed with the finding.

NONCOMPLIANCE WITH THE COLLEGE STUDENT IMMUNIZATION ACT

The University did not comply with the requirements of the College Student Immunization Act (Act).

During testing of 25 students enrolled in the academic year 2019-2020, we noted the following:

11 of 25 students tested did not provide proof of immunizations or had incomplete immunizations and were allowed to enroll in subsequent semesters

- The University did not obtain proof of immunizations against preventable communicable diseases for 6 (24%) students and enrolled in the subsequent semester without providing proof of immunization.
- The University did not inform 5 (20%) students of their incomplete immunization as prescribed by the Act and allowed these students to enroll in the subsequent semester.

In addition, the University filed a report 10 days late with the Department of Public Health (Department). (Finding 15, pages 54-55)

We recommended the University require and maintain for inspection proof of immunization from students prior to allowing the students to attend the University. We also recommended the University file the required reports timely to the Department in compliance with the Act.

University agrees 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.

The Initiative exists to ease the transfer of students among the State's associate and baccalaureate degree granting institutions.

University did not meet one course requirement for 8 majors

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, and sociology degree programs. (Finding 20, page 63)

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.

AUDITOR'S OPINIONS

The auditors conducted a Single Audit of the University as required by the Uniform Guidance. The auditors stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2020.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the University for the year ended June 30, 2020, as required by the Illinois State Auditing Act. The accountants stated the University complied, except as noted in finding 1, in all material respects, with the requirements described in the report.

This Single Audit and 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

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