

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

For the Year Ended June 30, 2024

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

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**STATE COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2024**

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**EASTERN ILLINOIS UNIVERSITY**  
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**STATE COMPLIANCE EXAMINATION**  
For the Year Ended June 30, 2024

**University Officials**

President	Dr. Jay Gatrell
Interim Provost and Vice Pres. for Academic Affairs (7/1/23 – 2/13/24)	Dr. Ryan C. Hendrickson
Provost and Vice President for Academic Affairs (2/14/24 – present)	Dr. Ryan C. Hendrickson
Vice President for Business Affairs	Mr. Matthew J. Bierman
Vice President for Student Affairs	Ms. Anne Flaherty
Vice President for University Advancement (7/1/23 – 2/4/24)	Vacant
Vice President for University Advancement (2/5/24 – present)	Ms. Miranda L. Spencer
Director of Business Services and Treasurer	Mr. Michael Hutchinson, CPA
General Counsel	Mr. Austin J. Hill
Director of Internal Auditing (7/1/23 – 12/31/23)	Vacant
Director of Internal Auditing (1/1/24 – present)	Ms. Natalee Black, CPA

**Board of Trustees (as of June 30, 2024)**

Chairperson	Mr. C. Christopher Hicks
Vice Chairperson	Ms. Julie Everett
Secretary	Dr. Audrey Edwards
Member – Pro Tem	Ms. Barb Baurer
Member	Ms. Joyce Madigan
Member	Dr. Bernie C. Rancho
Member	Dr. Timi Ngoboh
Student Member	Mr. August Biernbaum

**University Office**

Eastern Illinois University's primary administrative office is located at 600 Lincoln Avenue, Charleston, Illinois, 61920.



Office of the President

600 Lincoln Avenue  
Charleston, Illinois 61920-3099

Office: (217) 581-2011  
Fax: (217) 581-2490

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MANAGEMENT ASSERTION LETTER

March 7, 2025

Plante & Moran, PLLC  
634 Front Ave NW, Suite 300  
Grand Rapids, MI 49504

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 Eastern Illinois University (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, 2024. Based on this evaluation, we assert that during the year ended June 30, 2024, 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. Other than what has been previously disclosed and reported in the Schedule of Findings, 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,

Eastern Illinois University

**SIGNED ORIGINAL ON FILE**

Dr. Jay D. Gatrell  
President

**SIGNED ORIGINAL ON FILE**

Mr. Matthew J. Bierman  
Vice President for Business Affairs

**SIGNED ORIGINAL ON FILE**

Mr. Austin J. Hill  
General Counsel

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**STATE COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2024**

**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 a material weakness over internal control over compliance.

**SUMMARY OF FINDINGS**

<b>Number of</b>	<b><u>Current Report</u></b>	<b><u>Prior Report</u></b>
Findings	10	10
Repeated Findings	6	8
Prior Recommendations Implemented or Not Repeated	4	1

**SCHEDULE OF FINDINGS**

<b><u>Item No.</u></b>	<b><u>Page</u></b>	<b><u>Last/First Reported</u></b>	<b><u>Description</u></b>	<b><u>Finding Type</u></b>
<b>Current Findings</b>				
2024-001	11	2023/2020	Inadequate Internal Controls over Census Data	Material Weakness and Material Noncompliance
2024-002	15	New	Inadequate Internal Controls over Recognition of Insurance Proceeds Received	Significant Deficiency and Noncompliance
2024-003	17	New	Inadequate Controls Over Equipment Inventory	Significant Deficiency and Noncompliance

**EASTERN ILLINOIS UNIVERSITY**  
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**STATE COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2024**

**SCHEDULE OF FINDINGS (CONTINUED)**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2024-004	19	2023/2023	Noncompliance with the Fiscal Control and Internal Auditing Act	Significant Deficiency and Noncompliance
2024-005	20	2023/2005	Failure to Require Faculty Timesheets	Significant Deficiency and Noncompliance
2024-006	21	New	Inadequate Controls over Vendor Payments	Significant Deficiency and Noncompliance
2024-007	22	New	Noncompliance with Census Data Verification Procedures	Significant Deficiency and Noncompliance
2024-008	23	2023/2020	Illinois Articulation Initiative Act	Significant Deficiency and Noncompliance
2024-009	24	2023/2021	Weaknesses in Security over Computers	Significant Deficiency and Noncompliance
2024-010	25	2023/2022	Inadequate Internal Control over University Procurement Card Transactions	Significant Deficiency and Noncompliance

**Prior Findings Not Repeated**

A	27	2023/2022	Weaknesses in Preparation of the Year-End Financial Statements
B	27	2023/2019	Lack of Adequate Review of Service Providers Internal Controls
C	27	2023/2021	Weaknesses in Cybersecurity Programs and Practices
D	27	2023/2023	Noncompliance with the University Faculty Research and Consulting Act

**EASTERN ILLINOIS UNIVERSITY**  
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**STATE COMPLIANCE EXAMINATION**  
**For the Year Ended June 30, 2024**

**EXIT CONFERENCE**

Eastern Illinois University waived an exit conference in a correspondence from Michael Hutchinson, Director of Business Services/Treasurer, on March 6, 2025. The responses to the recommendations were provided by Michael Hutchinson, Director of Business Services/Treasurer, in a correspondence dated March 6, 2025.



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

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Eastern Illinois University

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined compliance by Eastern 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, 2024. 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

Board of Trustees  
Eastern 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*. Those 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, 2024. As described in the accompanying Schedule of Findings as item 2024-001, 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, 2024, 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 2024-002 through 2024-010.

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

Board of Trustees  
Eastern 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 a certain deficiency 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 deficiency described in the accompanying Schedule of Findings as item 2024-001 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 2024-002 through 2024-010 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

Board of Trustees  
Eastern 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.

**SIGNED ORIGINAL ON FILE**

Grand Rapids, MI  
March 7, 2025

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS**  
**For the Year Ended June 30, 2024**

**2024-001. Finding – Inadequate Internal Controls over Census Data**

The Eastern Illinois University (University) did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits (OPEB) plans was complete and accurate.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting the data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the University's employees are members of the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2022 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2023, which is incorporated into the University's Fiscal Year 2024 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 previous cut-off testing of data transmitted by the University to SURS, we noted 2 instances of an inactive employee becoming active were reported to SURS after the close of the fiscal year in which the event occurred. We also noted 4 instances whereby service credit was different by a total of 6.50 years. All of these instances have been previously reported, however still impacted the June 30, 2022 census data.

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-001. Finding – Inadequate Internal Controls over Census Data (Continued)**

- During our testing of instructor eligibility testing, we noted 19 instructors were not reported as eligible to participate in SURS by the University. All of these instances have been previously reported, however still impacted the June 30, 2022 census data. SURS determined the total potential impact of these errors was the instructors' service credit was off by a combined 41.5 years.

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 2023.

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

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-001. Finding – Inadequate Internal Controls over Census Data (Continued)**

In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

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

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

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. Further, failure to report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2024-001, 2023-001, 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.

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-001. Finding – Inadequate Internal Controls over Census Data (Continued)**

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

**UNIVERSITY RESPONSE**

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



**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-002. Finding - Inadequate Internal Controls over Recognition of Insurance Proceeds Received**

Eastern Illinois University (University) did not have adequate internal controls over insurance proceeds received to ensure amounts were recognized as revenue in the correct period.

During testing, the auditors noted the University recorded \$1,562,761 of insurance proceeds received during FY 2024 as deferred revenue; however, the insurance proceeds related to an insurance claim that was processed, approved and paid by the insurer and therefore should have been recorded as revenue, which resulted in an understatement of revenue and overstatement of deferred revenue.

Governmental Accounting Standards Board (GASB) Statement 42 paragraph 21, states in business-type activities in financial statements, restoration or replacement of an impaired capital asset should be reported as a separate transaction from the impairment loss and associated insurance recovery. The impairment loss should be reported net of the associated insurance recovery when the recovery and loss occur in the same year. Insurance recoveries reported in subsequent years should be reported as a program revenue, nonoperating revenue, or extraordinary item, as appropriate. Insurance recoveries should be recognized only when realized or realizable. For example, if an insurer has admitted or acknowledged coverage, an insurance recovery would be realizable. As such, since the insurer has admitted coverage, the insurance recovery would be considered realized or realizable and therefore should be recorded as nonoperating revenue.

Additionally, 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 expenditures, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Good internal controls should ensure all insurance recovery proceeds received be recorded in the proper period in accordance with accounting principles generally accepted in the United States of America.

University officials indicated the insurance recovery proceeds received were mistakenly recorded as a deferral of revenue since restoration or replacement of the impaired capital asset had not yet been incurred.

Failure to include insurance recovery proceeds in the proper period could result in a material misstatement within the University's financial statements. (Finding Code No. 2024-002)

**RECOMMENDATION**

We recommend the University implement a review process for insurance proceeds received related to impaired capital assets to determine when the insurance recovery is deemed to be realized or realizable and the associated revenue should be recognized.

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-002. Finding - Inadequate Internal Controls over Recognition of Insurance Proceeds Received (Continued)**

**UNIVERSITY RESPONSE**

The University agrees with the auditor's recommendation and will develop such a review process.

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-003. Finding – Inadequate Controls over Equipment Inventory**

Eastern Illinois University (University) had inadequate controls over its equipment inventory.

During our equipment observations performed on 6/13/2024, it was noted that:

- 4 out of 25 (16%) equipment inventory items selected for observation, totaling \$23,616, were in a different location than the location listed on the equipment listing.
- 4 out of 25 (16%) were included in the equipment inventory listing, totaling \$68,662, but were unable to be located.
- 1 out of 25 (4%) was located on-site but was not included in the equipment inventory listing.
- 1 out of 25 (4%), which totaled \$1,104,000, was incorrectly included on the equipment inventory listing because it had not yet been placed in service.

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 Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls to help ensure property and other assets are safeguarded against waste, loss, unauthorized use, and misappropriation.

University officials stated the equipment inventory differences were due to the timing of inventory being entered and updated in the University system. The University's ability to update its fixed asset system is limited while the annual equipment inventory is in process, which took place from spring 2024 through fall 2024, because the old system was based on batch processing. The auditors' testing was completed during that period.

Failure to maintain accurate equipment inventory records could result in shortages, overstocking, theft, or waste. Additionally, inaccurate records could lead to inaccurate values being reported in the University's financial statements. (Finding Code No. 2024-003)

**RECOMMENDATION**

We recommend the University implement equipment inventory controls to ensure all records kept are accurate.

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-003. Finding – Inadequate Controls over Equipment Inventory (Continued)**

**UNIVERSITY RESPONSE**

The University agrees with the auditor’s recommendation. The University has implemented a modernized equipment inventory system. Items that must be reported to CMS have been tagged with Radio-Frequency Identification technology. With the new system, updates to the fixed asset system should occur nightly. For the fourth bullet point, the item was on a preliminary listing, but University controls allowed employees to detect and correct the issue during the year-end closing process.

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-004. Finding – Noncompliance with the Fiscal Control and Internal Auditing Act**

Eastern Illinois University (University) failed to adhere to the provisions of the Fiscal Control and Internal Auditing Act (Act).

During our testing, we noted the University did not maintain a full-time program of internal auditing for six months of the fiscal year under examination. The University's internal auditing program consists of only the Chief Internal Auditor. As a result of not having a Chief Internal Auditor, the University did not have appropriate and sufficient resources during the period to develop and approve the two-year audit plan before the beginning of the fiscal year, nor achieve the audit plan for the current fiscal year. The two-year audit plan for fiscal year 2024 and fiscal year 2025 was signed and approved in April 2024. In addition, note that two of the six (33%) audits included in the approved audit plan were not completed during the current fiscal year.

Fiscal Control and Internal Auditing Act (Act) (30 ILCS 10/2001) requires the University as defined in Section 1003(a) to maintain a full-time program of internal auditing. The Act (30 ILCS 10/2003) further requires that a two-year plan be approved by the chief executive officer before the beginning of the fiscal year, as well as that audits of major systems of internal and administrative control are conducted on a periodic basis so that all major systems are reviewed at least once every two years.

University officials stated this was due to a staffing shortage and turnover in the internal auditing position.

Failure to maintain a full-time internal audit function increases the risk that significant internal control weaknesses will exist and errors and irregularities may go undetected and results in non-compliance with the Act. (Finding Code No. 2024-004, 2023-009)

**RECOMMENDATION**

We recommend the University comply with the Act to ensure the audit plan is signed and approved timely as well as ensure internal audits are performed as required.

**UNIVERSITY RESPONSE**

The University agrees with the auditor's recommendation. A new Chief Internal Auditor started work on January 1, 2024. The internal audit plan has been completed and approved.

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-005. Finding – Failure to Require Faculty Timesheets**

Eastern Illinois University (University) did not require positive time reporting for all employees as required by the State Officials and Employees Ethics Act (Act).

During testing, we noted the University only required positive time reporting for nonfaculty. University policies do not include requirements for positive time reporting for faculty employees. Faculty employees are required to certify they have met their work schedule obligations as set forth in their individual Assignment of Duties Form; however, they do not report their time to the nearest quarter hour in accordance with the Act.

This finding was first noted during the University’s fiscal year 2005 State compliance examination. Since that time, University officials have been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Act requires the Illinois Board of Higher Education (IBHE), with respect to State employees of public universities, to adopt and implement personnel policies. The Act (5 ILCS 430/5-5(c)) requires State employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour. The IBHE adopted personnel policies for public universities on February 1, 2004, in accordance with the Act.

University officials stated faculty members work in accordance with their contract. The contract defines faculty responsibilities in terms of credit units; therefore, faculty members report that they worked in accordance with their contract.

By not requiring positive time reporting from all its employees, the University does not have complete documentation of time spent by employees on official State business as required by the Act. (Finding Code No. 2024-005, 2023-004, 2022-003, 2021-003, 2020-006, 2019-003, 2018-001, 2017-004, 2016-003, 2015-004, 2014-002, 2013-004, 12-16, 11-7, 10-3, 09-4, 08-5, 07-4, 06-3, 05-4)

**RECOMMENDATION**

We recommend the University update University policies to include requirements for positive time reporting for faculty employees and require all employees to submit positive time reporting as required by the Act.

**UNIVERSITY RESPONSE**

The University agrees with the auditor’s recommendation but believes it cannot implement the statute’s requirement without union agreement. The University will continue to seek union agreement.

**EASTERN ILLINOIS UNIVERSITY**  
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**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-006. Finding – Inadequate Controls over Vendor Payments**

Eastern Illinois University (University) did not have adequate internal controls over vendor payments.

In a sample of 60 expenditures tested, with a total population of \$3,426,845, we noted the following:

- One (1.67%) invoice for \$30,472 was paid to the wrong vendor and was identified as a result of our testing. The University received reimbursement for this invoice in May 2024.
- Two (3.33%) invoices, totaling \$127,801, were not properly accrued in a prior year and were therefore charged to the incorrect fiscal year.

The Fiscal Control and Internal Auditing Act (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 resources are safeguarded against waste, loss, unauthorized use, and misappropriation.

University officials stated the department requesting the purchase created the requisition with the incorrect vendor number, and the error was not identified during the review process. University officials indicated the errors related to the incorrect accruals were due to oversight.

Inadequate controls over vendor invoices can lead to funds being disbursed to vendors improperly and could result in transactions being reported in the wrong fiscal year. (Finding Code No. 2024-006)

**RECOMMENDATION**

We recommend the University implement controls over vendor payments to ensure payments are properly made and accrued in the correct fiscal year.

**UNIVERSITY RESPONSE**

The University agrees with the auditor’s recommendation. Although the error in vendors was detected prior to the auditors, additional attention will be paid when processing vendor invoices. The University will impress upon departments the importance of timely invoicing.

**EASTERN ILLINOIS UNIVERSITY**  
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**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-007. Finding – Noncompliance with Census Data Verification Procedures**

Eastern Illinois University (University) was not in compliance with State University Retirement System (SURS) Census Data Reconciliation Certification.

During our testing of personal service compliance procedures, we noted the University did not submit the required Census Data Reconciliation certification for the Fiscal Year 2023 data as required by SURS by May 31, 2024.

In accordance with the AICPA’s Audit and Accounting Guide: State and Local Governments, the State Universities Retirement System (SURS) stated employee census data should be reconciled annually by each university to a report provided by SURS and used by SURS’ and CMS’ actuaries. This reconciliation process helps mitigate the risk of using incomplete or inaccurate data and ensures the accuracy of reported pension and other post-employment benefit (OPEB) balances. Further, this reconciliation process ensures the completeness of employer and plan data, reduces payroll errors, confirms personnel files are up-to-date, and most importantly decreases the risks of financial misstatements. SURS requested the University to reconcile their Fiscal Year 2023 census data, certify to SURS that the reconciliation and eligibility review was completed, and report any potential data errors found by May 31, 2024.

The University has been unable to complete the certification for Fiscal Year 2023 data due to turnover in staffing and competing priorities within the human resources and payroll departments.

Failure to complete the census reconciliation and submit the required annual census certifications could lead to reduced reliability of pension and OPEB balances and inaccurate retirement balances for employees. (Finding Code No. 2024-007)

**RECOMMENDATION**

We recommend the University ensure the certification is submitted timely.

**UNIVERSITY RESPONSE**

The University agrees with the auditor’s recommendation. The initial reconciliation of census data has been completed and supplied to SURS. The University is working on reconciliation of the 2023 and 2024 census data.



**EASTERN ILLINOIS UNIVERSITY**  
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**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-008. Finding – Illinois Articulation Initiative Act**

Eastern Illinois University (University) did not comply with the Illinois Articulation Initiative Act (Act) requirements.

The Illinois Articulation Initiative (Initiative), through its [itransfer.org](http://itransfer.org) website, exists to ease the transfer of students among the State’s associate and baccalaureate degree granting institutions. The Initiative consists of both a General Education Core Curriculum package, where completion of the entire package at one institution is fully accepted by 111 institutions across the State, and an Initiative major, which are common courses at the lower-division that can be used to ensure students are prepared for upper-division work at 79 institutions across the State.

During our testing, we noted the University did not have a minimum of at least one course included within the related Initiative major for early childhood education or art degree programs.

This finding was first noted during the University’s fiscal year 2020 State Compliance Examination, four years ago. As such, University officials have been unsuccessful in implementing a corrective action plan to remedy this deficiency.

The Act (110 ILCS 152/15) requires all public institutions to participate in the Illinois Articulation Initiative through submission and review of their courses for statewide transfer. All public institutions shall maintain a complete Illinois Articulation Initiative General Education Core Curriculum package, and all public institutions shall maintain up to four core courses in an Illinois Articulation Initiative major, provided the public institution has equivalent majors and courses.

University officials stated course syllabi previously submitted by the University for the two programs were rejected by the appropriate faculty Initiative panels.

Failure to fully participate in the Initiative by submitting at least one course per Initiative major could hinder students from transferring to other institutions and represents noncompliance with the Act. (Finding Code No. 2024-008, 2023-005, 2022-005, 2021-005, 2020-008)

**RECOMMENDATION**

We recommend the University continue in its efforts to fully participate in the Initiative by submitting at least one course per Initiative major.

**UNIVERSITY RESPONSE**

The University agrees with the auditor’s recommendation and will continue to submit its syllabi in initiative areas.

**EASTERN ILLINOIS UNIVERSITY**  
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**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-009. Finding – Weaknesses in Security over Computers**

Eastern Illinois University (University) had weaknesses over the security of computers.

As of the end of the examination period, we noted 1,021 of 2,506 (41%) computers required encryption to be installed.

This finding was first noted during the University’s fiscal year 2021 State compliance examination, three years ago. As such, University officials have been unsuccessful in implementing a corrective action plan to remedy this deficiency.

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 safeguard State property and resources against unauthorized use.

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), Transmission Confidentiality and Integrity, requires entities to protect the confidentiality and integrity of information transmitted over external and internal networks via methods such as encryption. Best practices include ensuring all laptops and computer equipment have adequate security such as encryption installed.

University officials stated the conditions noted were due to the prioritization of encryption of high-risk areas such as the Business Office, medical lab, etc. The University is in the process of replacing computers that are not capable of encryption and removing those computers from use. Due to budgetary constraints, this process is expected to be completed in June 2027.

Failure to encrypt University computers could lead to confidential information and/or personal identifiable information being compromised. (Finding Code No. 2024-009, 2023-006, 2022-007, 2021-007)

**RECOMMENDATION**

We recommend the University ensure all laptops and computer equipment have adequate security such as encryption installed.

**UNIVERSITY RESPONSE**

The University agrees with the auditor’s recommendation. During fiscal years 2024 and 2025, the University has worked at sending older computers to Central Management Services. The University has also initiated a program to replace computers over a five fiscal year cycle, which will reduce the number of computers whose hard drives are not encrypted.

**EASTERN ILLINOIS UNIVERSITY**  
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**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-010. Finding – Inadequate Internal Control over University Procurement Card Transactions**

Eastern Illinois University (University) did not have adequate internal control over procurement card transactions.

The University operates a procurement card (P-Card) program which allows individuals throughout the University to make purchases on a credit card which are directly paid by the University monthly. The P-Card program is designed to improve efficiency in purchasing low dollar goods and services.

In a sample of 40 P-Card transactions tested, we noted the following weaknesses and noncompliance:

- 13 P-Card purchases (33%), totaling \$170,499, were not reviewed in a timely manner, ranging from 5 to 41 business days late.
- 5 P-card purchases (13%), totaling \$67,995, were not approved in a timely manner, ranging from 2 to 37 business days late.

The University had approximately 289 active P-Card users. The University made 21,095 P-card purchases totaling \$5,919,126, for the year ending June 30, 2024.

The University's Purchasing Card Policy and Procedures Manual (P-Card Manual) states transactions should be approved by an Approving Official, no later than the designated deadlines described in the billing cycle schedule.

The Fiscal Control and Internal Auditing Act (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 resources are safeguarded against waste, loss, unauthorized use, and misappropriations.

University officials stated the departments failed to follow University policies.

Failure to properly follow University purchasing guidelines, review and approve P-Card transactions in accordance with the University policies could result in wasteful or unnecessary spending and represents a weakness in the University's internal controls. (2024-010, 2023-008, 2022-009)

**RECOMMENDATION**

We recommend the University strengthen its internal control over P-Card transactions to ensure compliance with the University's policies and procedures.

**EASTERN ILLINOIS UNIVERSITY**  
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**SCHEDULE OF FINDINGS – CURRENT FINDINGS (CONTINUED)**  
**For the Year Ended June 30, 2024**

**2024-010. Finding – Inadequate Internal Control over University Procurement Card Transactions (Continued)**

**UNIVERSITY RESPONSE**

The University agrees with the auditor’s recommendation and has implemented a new policy that provides consequences when employees and supervisors do not approve P-Card transactions in a more timely manner.

**EASTERN ILLINOIS UNIVERSITY**  
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**SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED**  
**For the Year Ended June 30, 2024**

A. **FINDING** Weaknesses in Preparation of the Year-End Financial Statements

During the prior audit, the University did not have adequate controls over the completeness and accuracy of year-end financial reporting which resulted in errors in the GAAP basis financial statements and supporting schedules provided to the auditors.

During the current audit, the University implemented controls and procedures that allowed for the complete and accurate preparation of the year-end financial reporting to be in compliance with GAAP basis financial statements. (Finding Code No. 2023-002, 2022-002)

B. **FINDING** Lack of Adequate Review of Service Providers Internal Controls

During the prior audit, the University had not implemented adequate controls over its service providers.

During the current audit, the University implemented controls and procedures that established a complete and accurate population of third party service providers derived as a subset of the University's vendor population. Based upon the testing performed for a sample of the third party service providers from the listing, EIU has implemented a process to review service providers' internal controls through a documented evaluation of System and Organization Control (SOC) reports and/or an equivalent information technology (IT) security questionnaire, including ensuring service provider agreements contain requirements for security, availability, confidentiality, and privacy controls over University applications and data, obtaining bridge letters if applicable, and mapping of complementary end user controls to EIU controls. (Finding Code No. 2023-003, 2022-004, 2021-004, 2020-007, 2019-008).

C. **FINDING** Weaknesses in Cybersecurity Programs and Practices

During the prior audit, the University had not implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information.

During the current audit, the University implemented adequate internal controls related to cybersecurity programs, practices, and control of confidential information. (Finding Code No. 2023-007, 2022-008, 2021-008)

D. **FINDING** Noncompliance with the University Faculty Research and Consulting Act

During the prior examination, the University did not comply with the University Faculty Research and Consulting Act (Act).

During the current examination, our sample testing did not indicate any instances of noncompliance. (Finding Code No. 2023-010)