

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
COMPLIANCE EXAMINATION  
(In accordance with the Single Audit Act and  
Applicable Federal Regulations)  
For the Year Ended June 30, 2019**

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

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**COMPLIANCE EXAMINATION**  
**(In Accordance with the Single Audit Act and Applicable Federal Regulations)**  
**For the Year Ended June 30, 2019**

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**NORTHEASTERN ILLINOIS UNIVERSITY**  
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**Financial Statement Report:**

The Northeastern Illinois University's financial statement report for the year ended June 30, 2019, which includes the Independent Auditor's Report, Management's Discussion and Analysis, Basic Financial Statements, Notes to the Basic Financial Statements, Required Supplementary Information, Supplementary Information, Other Information, and the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* has been issued separately.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2019**

**University Officials**

President	Dr. Gloria Gibson
Provost	Dr. Dennis Rome Dr. Wamucii Njogu
Vice President for Finance and Administration/Treasurer	Mr. Manish Kumar Mr. Arnold Henning Vacant Mr. Craig Duetsch
(from January 27, 2020 to present)	
Interim (from July 8, 2019 to January 31, 2020)	
(from August 18, 2018 to July 7, 2019)	
Interim (from June 1, 2018 to August 17, 2018)	
Vice President for Student Affairs	Vacant Dr. Daniel Lopez, Jr.
(from January 21, 2020 to present)	
(through January 20, 2020)	
Vice President for Institutional Advancement	Ms. Liesl Downey
Vice President for Legal Affairs	Ms. Melissa Reardon Henry
Associate Vice President for Finance and Auxiliary	Ms. Ann McNabb
(from February 1, 2020 to present)	
Associate Vice President and Chief Finance Officer	Ms. Ann McNabb
Interim (from August 17, 2018 to January 31, 2020)	
Director of Financial Affairs/Controller	Ms. Beni Ortiz
Director of Internal Audit	Ms. Rita Moore

**Board of Trustees**

Chair	Mr. Jim Palos
Vice Chair	Mr. George Vukotich
Secretary	Ms. Sherry Eagle
Member	Mr. Carlos Azcoitia
Member	Ms. Barbara Fumo
Member	Mr. Marvin Garcia
Member (from May 06, 2019 - present)	Ms. Ann Kalayil
Member (from May 06, 2019 - present)	Mr. Charles Serrano
Member	Mr. Jonathan Stein
Member (Student)	Ms. Fatima Siddiqua Ms. Elena Moloy
From July 1, 2019 to present	
July 1, 2018 to June 30, 2019	

**University offices are located at:**

5500 North St. Louis Avenue  
Chicago, Illinois 60625

February 26, 2020

E.C. Ortiz & Co., LLP  
815 W. Van Buren Street, Suite 500  
Chicago, Illinois 60607

**President of the University**

5500 North St. Louis Avenue  
Chicago, IL 60625-4699

Phone: (773) 442-5400

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 the Northeastern 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 year ended June 30, 2019. Based on this evaluation, we assert that during the year ended June 30, 2019, 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**

**SIGNED ORIGINAL ON FILE**

Dr. Gloria Gibson  
President

**SIGNED ORIGINAL ON FILE**

Ann McNabb  
Associate Vice President  
for Finance and Auxiliary

**SIGNED ORIGINAL ON FILE**

Melissa Reardon Henry  
Vice President for Legal  
Affairs

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2019**

**COMPLIANCE REPORT**

**SUMMARY**

The compliance testing performed during this examination was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

**ACCOUNTANT'S REPORT**

The Independent Accountant's Report on State Compliance, on Internal Control Over Compliance, and on Supplementary Information for State Compliance Purposes does not contain scope limitations, disclaimers, or other significant non-standard language.

**SUMMARY OF FINDINGS**

<u>Number of</u> <u>Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	20	21
Repeated findings	14	12
Prior recommendations implemented or not repeated	7	6

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS AND QUESTIONED COSTS (FEDERAL COMPLIANCE)				
2019-001	17	New	Untimely Notification of Disbursements of Loan and TEACH Grants	Significant Deficiency/ Noncompliance
2019-002	19	2018	Noncompliance with the Federal Perkins Loan Cohort Default Rate	Significant Deficiency/ Noncompliance
2019-003	21	2018	Weaknesses over Allowable Costs/Cost Principles Requirements	Significant Deficiency/ Noncompliance
2019-004	25	2018	Failure to Communicate Required Information to Subrecipients	Significant Deficiency/ Noncompliance
2019-005	27	2018	Reporting to NSLDS	Significant Deficiency/ Noncompliance
2019-006	29	2018	Inadequate Records Supporting Student Eligibility for Financial Aid	Significant Deficiency/ Noncompliance
2019-007	31	New	Information Technology Risk Assessment Not Performed	Significant Deficiency/ Noncompliance

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**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued**

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
FINDINGS (STATE COMPLIANCE)				
2019-008	33	2018	Noncompliance with the Open Meetings Act	Significant Deficiency/ Noncompliance
2019-009	34	2018	Time Sheets Not Required and Not Timely Completed and Approved	Significant Deficiency/ Noncompliance
2019-010	36	2018	Weaknesses Regarding Clearing of Data from Electronic Devices	Significant Deficiency/ Noncompliance
2019-011	38	2018	Inadequate Controls over University Property and Equipment	Significant Deficiency/ Noncompliance
2019-012	41	2018	Failure to Perform Employee Performance Evaluations Timely	Significant Deficiency/ Noncompliance
2019-013	44	New	Noncompliance with the College Student Immunization Act	Significant Deficiency/ Noncompliance
2019-014	45	New	Weaknesses over Purchasing Credit Card Transactions	Significant Deficiency/ Noncompliance
2019-015	47	2018	Noncompliance with the Abused and Neglected Child Reporting Act	Significant Deficiency/ Noncompliance
2019-016	48	2018	Lack of Disaster Contingency Plan	Significant Deficiency/ Noncompliance
2019-017	50	2018	Noncompliance with Payment Card Industry Security Standards	Significant Deficiency/ Noncompliance
2019-018	52	2018	Weaknesses over Computer Security	Significant Deficiency/ Noncompliance
2019-019	54	New	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency/ Noncompliance
2019-020	56	New	Lack of Adequate Controls over Review of Internal Controls over External Service Providers	Significant Deficiency/ Noncompliance

**STATE OF ILLINOIS  
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For the Year Ended June 30, 2019**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, Continued**

<u>Item No.</u>	<u>Page</u>	<u>Last Reported</u>	<u>Description</u>	<u>Finding Type</u>
PRIOR FINDINGS NOT REPEATED				
A	58	2018	Inadequate Controls over Student Receivables and Tuition Billings	
B	58	2018	Inaccurate Calculation and Timely Return of Title IV Funds	
C	58	2018	Inaccurate Annual Performance Report for Gaining Early Awareness and Readiness for Undergraduate Programs	
D	58	2018	Inaccurate FISAP Reporting	
E	59	2018	Noncompliance with the Fiscal Control and Internal Auditing Act	
F	59	2018	Noncompliance with the Public Funds Act	
G	59	2018	Inadequate Controls Over Contractual Agreements	

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COMPLIANCE EXAMINATION  
For the Year Ended June 30, 2019**

**EXIT CONFERENCE**

The findings and recommendations appearing in this report were discussed with University personnel at an exit conference on February 20, 2020. Attending were:

Northeastern Illinois University

Dr. Gloria Gibson, President  
Manish Kumar, Vice President for Finance and Administration  
Ann McNabb, Associate Vice President for Finance and Auxiliary  
John Fraire, Interim Associate Vice President for Enrollment Services  
Maureen Amos, Executive Director of Student Financial Aid  
Beni Ortiz, Director of Financial Affairs/Controller  
Rita Moore, Director of Internal Audit

Office of the Auditor General

Jose Roa, Manager  
Kathleen Devitt, Manager

E. C. Ortiz & Co., LLP

Marites U. Sy, Partner  
Emily Causon, Manager  
Jannica Quintana, Senior  
Lou Jonathan Cabrera, Senior

The responses to these recommendations were provided by Ann McNabb, Associate Vice President for Finance and Auxiliary, in a correspondence dated February 26, 2020.



**INDEPENDENT ACCOUNTANT'S REPORT ON STATE COMPLIANCE, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON SUPPLEMENTARY INFORMATION FOR STATE COMPLIANCE PURPOSES**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

The Board of Trustees  
Northeastern Illinois University

**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, 2019. 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.

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 opinion.

Our examination does not provide a legal determination on the University's compliance with the specified requirements.

In our opinion, the University complied with the specified requirements during the year ended June 30, 2019, 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 and Questioned Costs as items 2019-008 through 2019-020.

The University's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings and Questioned Costs. 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.

## **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.

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* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* 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.

Our consideration of internal control was for the limited purpose described in the above paragraphs of this section 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. Given these limitations, during our examination, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-008 through 2019-020 that we consider 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 and Questioned Costs. 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 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.

### **Supplementary Information for State Compliance Purposes**

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the business-type activities of the University and its discretely presented component unit as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated December 31, 2019, which contained unmodified opinions on those financial statements. Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component unit as described in our report on the University's basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to December 31, 2019. The accompanying supplementary information for the year ended June 30, 2019, in Schedules 1 through 7 is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the University. Such information is the responsibility of the University management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The accompanying supplementary information for the year ended June 30, 2019, in Schedules 1 through 7 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2019, in Schedules 1 through 7 is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the University's basic financial statements as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated January 14, 2019, which contained unmodified opinions on the respective financial statements of the business-type activities of the University and its discretely presented component unit. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 3 through 6 is the responsibility of the University management and was derived from and relates directly to the underlying accounting and other records used to prepare the June 30, 2018 financial statements. The accompanying supplementary information for the year ended June 30, 2018 in Schedules 3 through 6 has been subjected to the auditing procedures applied in the audit of the June 30, 2018 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those basic financial statements or to those basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information for the year ended June 30, 2018 in Schedules 3 through 6 is fairly stated in all material respects in relation to the basic financial statements as a whole from which it has been derived.

The accompanying supplementary information in the Analysis of Operations Section is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois

February 26, 2020, except for our report on the Supplementary Information for State Compliance Purposes, as to which the date is December 31, 2019.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

The Board of Trustees  
Northeastern Illinois University

**Report on the Financial Statements**

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Northeastern Illinois University (University) and its discretely presented component unit, collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise University's basic financial statements, and have issued our report thereon dated December 31, 2019. Our report includes a reference to other auditors who audited the financial statements of the University's discretely presented component unit, as described in our report on University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting (internal control) or compliance and other matters that are reported on separately by those auditors.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Internal Control Over Financial Reporting**

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting (internal control).

In planning and performing our audit of the financial statements, we considered the University's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, 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.

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, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* 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.

Our consideration of internal control was for the limited purpose described in the above paragraphs of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois  
December 31, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND, REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

The Board of Trustees  
Northeastern Illinois University

**Report on Compliance for Each Major Federal Program**

As Special Assistant Auditors for the Auditor General, we have audited compliance by Northeastern Illinois University (University) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2019. The University's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 through 2019-007. Our opinion on each major federal program is not modified with respect to these matters.

The University's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 through 2019-007, that we consider to be significant deficiencies.

The University's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The University's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the business-type activities of the University and its discretely presented component unit as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated December 31, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**SIGNED ORIGINAL ON FILE**

Chicago, Illinois

February 26, 2020, except for our report on the Schedule of Expenditures and Federal Awards, as to which the date is December 31 2019.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with Generally Accepted Accounting Principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  X No
- Significant deficiency(ies) identified?  Yes  X None Reported

Noncompliance material to financial statements noted?

Yes  X No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified?  Yes  X No
- Significant deficiency(ies) identified?  Yes  None Reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes  No

Identification of major federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.268, 84.033, 84.038, 84.063, 84.379	Student Financial Assistance Cluster
47.049, 47.050, 47.070, 47.074, 47.075, 47.076, 93.859, 93.865, 93.397, 93.351, 10.220, 10.223	Research and Development Cluster
84.044, 84.217, 84.047, 84.042	TRIO Cluster
84.287	Twenty-First Century Community Learning Centers
84.031	Higher Education Institutional Aid
Dollar threshold used to distinguish between type A and type B programs:	\$1,623,942
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

**2019-001. FINDING (Untimely Notification of Disbursements of Loan and TEACH Grants)**

Federal Agency:	Department of Education
CFDA Numbers:	84.268; 84.379
Program Names and Award Numbers:	Student Financial Assistance Cluster [Federal Direct Student Loans (P268K181350/P268K191350); and Teacher Education Assistance for College and Higher Education Grants (P379T181350/P379T191350)]
Program Expenditures:	\$19,055,480; \$49,203
Questioned Costs:	None

Northeastern Illinois University (University) did not timely notify the students in writing when federal student aid loan funds were credited to students' accounts.

In testing 33 students who received Federal Direct Student Loans and Teacher Education Assistance for College and Higher Education Grants (TEACH Grant) during the fiscal year, we noted 25 (76%) students tested, in 46 disbursement transactions, were notified 39 to 49 days after the federal assistance was credited to the students' accounts. The total direct loan and TEACH Grants disbursed to these students was \$180,829. In addition, we noted 1 (3%) student was not notified of the change in their federal loan. The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (Code) (34 CFR Section 668.165 (a)(3)(i)) requires the University to notify student or parent in writing no earlier than 30 days before, and no later than 30 days after, crediting the student's ledger account at the University, if the University obtains affirmative confirmation from the student.

The Code (2 CFR 200.303) also requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure timely notification of disbursements to students receiving Direct Loan and TEACH grants.

University officials stated student notifications are automatically created after disbursements and sent to the students via email. The delay in student notifications was due to emails not timely sent to students as a result of the issues encountered when the University moved the ERP system to the cloud during the fiscal year.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-001. **FINDING** (Untimely Notification of Disbursements of Loan and TEACH Grants)  
(continued)

Failure to timely notify students regarding disbursements of financial aid may result in federal aid loans disbursed to students' accounts that were not agreed to by the students. (Finding Code No. 2019-001)

**RECOMMENDATION**

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

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-002. **FINDING** (Noncompliance with the Federal Perkins Loan Cohort Default Rate)

Federal Agency:	Department of Education
CFDA Numbers:	84.038
Program Names and Award Numbers:	Student Financial Assistance Cluster [Federal Perkins Loan Program (None)]
Program Expenditures:	\$1,478,085
Questioned Costs:	None

Northeastern Illinois University's (University) Federal Perkins Loan cohort rate is in excess of the threshold for administrative capability stipulated by the U.S. Department of Education.

The Federal Perkins Loan cohort default rate as of June 30, 2019 (for borrowers who entered repayment during Fiscal Year 2018) was 31%.

With the Federal Perkins Loan Program winding down in Fiscal Year 2018, the participating institutions had the option to assign the Perkins Loans to the U.S. Department of Education and distribute the assets of the Perkins Loan Revolving Fund or continue to service the Perkins Loans. The University chose to continue servicing their Perkins Loans.

The Code of Federal Regulations (Code) (34 CFR 668.16) states “to begin and to continue to participate in any Title IV, Higher Education Act program, an institution shall demonstrate to the Secretary that the institution is capable of adequately administering that program under each of the standards established in this section. The Secretary considers an institution to have that administrative capability if the institution –(m)(1) has a cohort default rate – (iii) as defined in 34 CFR 674.5, on loans made under the Federal Perkins Loan Program to students for attendance at the institution that does not exceed 15 percent.”

The U.S. Department of Education’s Dear Colleague (DCL ID: GEN-17-10) stated institutions that choose to continue to service their outstanding Perkins Loan portfolios must continue to service these loans in accordance with the Federal Perkins Loan Program regulations in 34 CFR 674.

The Code (2 CFR 200.303) requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure the University maintains a Federal Perkins Loan cohort default rate of less than 15%.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-002. **FINDING** (Noncompliance with the Federal Perkins Loan Cohort Default Rate)  
(continued)

University officials stated the above issue was due to the elimination of the position that handled the collection and follow-up process to current/former students of the University with Federal Perkins Loan Program when they enter the repayment status.

Failure to maintain a Federal Perkins Loan cohort default rate below 15% resulted in noncompliance with the Code. (Finding Code No. 2019-002, 2018-004)

**RECOMMENDATION**

We recommend the University improve procedures to collect its Federal Perkins Loans made to students in compliance with the Code of Federal Regulations.

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-003. **FINDING** (Weaknesses over Allowable Costs/Cost Principles Requirements)

Federal Agencies:	National Science Foundation; Department of Health and Human Services; and Department of Education
CFDA Numbers:	47.076; 93.859; 93.397 84.044; 84.217; 84.047; 84.042 84.287 84.031
Program Names and Award Numbers:	Research and Development Cluster Education and Human Resources [Development of Assessment Protocols for Assessing Computational Thinking in Physics and Engineering Making Activities (1543124); University and Community College Collaboration for Mathematics and Biology Scholar Teacher Education (1660785); and Integrating Science, Mathematics, and Computing Within an Elementary and Middle School Pre- Service Teacher Education Curriculum (1640041)]; Biomedical Research and Research Training [NU-STARS for Northeastern Illinois Student Training in Academic Research in the Sciences (TGM105549A)]; and Cancer Centers Support Grants [The Chicago Collaborative to Promote and Advance Cancer Health Equity (UCA202995A)]
	TRIO Cluster [TRIO Talent Search (P044A160306); TRIO McNair Post- Baccalaureate Achievement (P217A170073); TRIO Upward Bound Math and Science Pathways (P047M170101); and TRIO Student Support Services (P042A151085/P042A151075/P042A151088)]
	Twenty-First Century Community Learning Centers [Pathways (4421-15-15-016-5405-51), Austin (4421-13-15- 016-5405-51), Craft (4421-19-15-016-5405-51) and Morton Success (4421-25-15-016-5405-51)]
	Higher Education Institutional Aid [EXITO: Exit on Time in STEM (P031C160209), A Comprehensive System of Support: Increasing Retention into the Third Year (P031S160171), and Title V: Developing Hispanic-Serving Institutions Program (P031S180151)]

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-003. **FINDING** (Weaknesses over Allowable Costs/Cost Principles Requirements)  
(continued)

Program Expenditures:	\$513,912; \$ 277,526; \$943,995 \$460,590; \$203,697; \$291,366; \$622,602 \$1,395,206 \$1,606,790
Questioned Costs:	None

Northeastern Illinois University (University) did not comply with the internal controls and compliance requirements on allowable costs and costs principles.

During our review of payroll documents for 29 employees, we noted the following:

- 14 (48%) employees submitted their time and effort reports 9 to 42 days after the required due date.
- Five (17%) employees did not submit timesheets for the period tested.
- 16 (55%) employees for pay periods tested were not timely completed and approved by the supervisor or unit head. The timesheets were approved one to 238 days late.

In addition, during our testing of 160 vouchers totaling \$798,503, we noted the following:

- Required signatures on purchase requisitions and travel authorization of 2 (1%) vouchers totaling \$3,456 were not obtained. The requisition forms for these vouchers totaling \$9,142, were increased, therefore requiring an additional level of approval, which was not obtained.
- Required signature of 6 (4%) vouchers totaling \$11,607 were not obtained.
- A voucher (1%) amounting to \$1,100 was charged to an incorrect expenditure category.

The sample was not intended to be, and was not, a statistically valid sample.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-003. **FINDING** (Weaknesses over Allowable Costs/Cost Principles Requirements)  
(continued)

The Code of Federal Regulations (Code) (2 CFR 200.430) states costs of compensation, including salaries and wages, are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable. The Code (2 CFR 200.430(i)(1)(viii)(C)) states charges to Federal awards for salaries and wages must be based on records that accurately reflected the work performed. The nonfederal entity's system of internal controls includes processes to review after-the fact interim charges made to a Federal award based on budget estimates. All necessary adjustments must be made such that the final amount charged to the Federal award is accurate, allowable, and properly allocated.

The University's Policy on Time and Effort Reporting for Federal Grants states the University utilizes an after-the fact, Banner-based effort reporting system to account for the effort of all faculty and staff who expend effort on federally sponsored grants. All University employees whose salary is being charged directly or cost shared on a federal flow-through sponsored project must complete and submit their time and effort reports. All time and effort reports are to be certified by the Principal Investigator (PI) or a person with suitable means of verification of work performed and endorsed by the PI and maintained in the Controller's Office.

University procedures require documentation supporting time spent each day on official State business to the nearest quarter hour to be submitted for all employees except graduate assistants.

The University's Board of Trustees Regulations, Section V, Administrative Affairs, Subsection B, requires approval of purchases prior to the obligation of financial resources of the University.

The University Purchasing Approval Levels require that (1) purchase requisitions with an amount of up to \$2,499.99 require approval of the Financial Manager (FM) only, (2) purchase requisitions with an amount of \$2,500.00 to \$4,999.99 require an approval of a Level I Approver in addition to FM, (3) purchase requisitions with an amount of \$5,000 to \$9,999.99 require an approval of a Level II Approver in addition to the Level I and FM, (4) purchase requisitions with an amount of \$10,000 to \$49,999.99 require approval of the appropriate vice president or area executive in addition to the Level II, Level I, and FM, and (5) purchase requisitions with an amount of \$50,000 to \$99,999.99 require an approval of the President in addition to vice presidents or the area executive, Level II, Level I, and FM.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-003. **FINDING** (Weaknesses over Allowable Costs/Cost Principles Requirements)  
(continued)

The Code (2 CFR 200.303) also requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure timely submission of time and effort and time sheets of personnel and purchases are in accordance with approved University procurement and travel policy.

University officials stated the delay in the submission of time and effort reports was due to a timing issue as employees were unavailable during the reporting deadline time frame and non-submission of time sheet were due to oversight of employees and their supervisors. In addition, University officials stated exceptions noted on voucher processing were due to staff turnover in the various departments of the University.

Failure to obtain time and effort reports may hinder the ability of the University to determine whether salaries charged to federal grant funds are accurate, allowable, or properly allocated. Failure to obtain required approval and process vouchers in accordance with University policy resulted in noncompliance (Finding Code No. 2019-003, 2018-007, 2017-006)

**RECOMMENDATION**

We recommend the University improve its procedures on time and effort and time sheet reporting to ensure timely submission of the reports and compliance with University policy and Federal regulations. In addition, we recommend the University strengthen its controls over voucher processing to ensure compliance with the University policies and prevent and detect unauthorized transactions timely in compliance with the University policy and Federal regulations.

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-004. **FINDING** (Failure to Communicate Required Information to Subrecipients)

Federal Agencies:	National Science Foundation Department of Health and Human Services Department of Education
CFDA Numbers:	47.076; 93.397 84.031 84.287
Program Names and Award Numbers:	Research and Development Cluster Education and Human Resources [University and Community College Collaboration for Mathematics and Biology Scholar Teacher Education (1660785)]; and Cancer Centers Support Grants [The Chicago Collaborative to Promote and Advance Cancer Health Equity (UCA202995A)]
	Higher Education Institutional Aid [EXITO: Exit on Time in STEM (P031C160209)]
Program Expenditures:	Twenty-First Century Community Learning Centers [Project 4421-13: Austin (4421-13-15-016-5405-51)] \$214,121; \$943,995 \$932,070 \$526,071
Questioned Costs:	None

Northeastern Illinois University (University) did not communicate required program information to subrecipients of federal awards.

During our testing of six subrecipients of the Research and Development Cluster, Higher Education Institutional Aid, and 21<sup>st</sup> Century Community Learning Centers, the University did not communicate the required information to 4 (67%) subrecipients with federal expenditures totaling \$131,256 to comply with federal statutes, regulations, and terms and conditions of the award. The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (Code) (2 CFR 200.331 (a)) requires all pass through entities to ensure that every subaward is clearly identified to the subrecipient as a subaward and include information to comply with Federal statutes, regulations, and the terms and conditions of the award. The required information includes the subrecipient's name and unique entity identifier, CFDA number, federal award date, federal awarding agency, etc. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

**2019-004. FINDING** (Failure to Communicate Required Information to Subrecipients)  
(continued)

The Code (2 CFR 200.303) also requires nonfederal entities receiving awards to establish and maintain internal control designed to reasonably ensure compliance with federal laws, regulations, and program compliance requirements. Effective internal control should include procedures to ensure required information is communicated to subrecipients prior to the issuance of the subaward.

University officials stated the failure to communicate required information to subrecipients was due to the lack of uniform procedures followed by various departments providing subawards.

Failure to communicate required subaward information could result in subrecipients not properly administering the federal programs in accordance with federal regulations. (Finding Code No. 2019-004, 2018-008)

**RECOMMENDATION**

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

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-005. **FINDING** (Reporting to NSLDS)

Federal Agency:	Department of Education
CFDA Numbers:	84.063; 84.007
Program Names and Award Numbers:	Student Financial Assistance Cluster [Federal Pell Grant Program (P063P171350/P063P181350); and Federal Supplemental Educational Opportunity Grant (P007A171241/P007A181241)]
Program Expenditures:	\$14,050,903; \$454,559
Questioned Costs:	None

Northeastern Illinois University (University) did not report changes in enrollment status information of students to the National Student Loan Data System (NSLDS) in a timely manner.

The University utilizes the National Student Clearinghouse (NSC) as a third-party provider in order to submit student information to the NSLDS.

During testing of 40 students, we noted the University reported the change in enrollment status of a student (3%) to the NSLDS 26 days late. In addition, the University did not report the change in the enrollment status of another student (3%) who officially withdrew from the enrolled program to the NSLDS. The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulations (Code) (34 CFR 690.83(b)(2)) requires institutions submit, in accordance with deadline dates established by the Secretary, through publication in the Federal Register, other reports and information the Secretary requires and comply with the procedures the Secretary finds necessary to ensure that the reports are correct. Furthermore, the U.S. Department of Education clarified in a Dear Colleague Letter dated April 14, 2014 (DCL ID: GEN-14-07) that accurate and timely reporting to NSLDS is the school's responsibility and if a school's servicer NSLDS enrollment reporting is noncompliant, the school would be held responsible and subject to appropriate sanctions.

The Code (2 CFR 200.303) also requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure changes in student statuses are submitted or timely submitted to NSLDS.

University officials stated the above noted issues were due to human error by staff in processing student withdrawals from enrolled programs.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-005. **FINDING** (Reporting to NSLDS) (continued)

Failure to provide accurate and complete enrollment reporting status information to NSLDS may jeopardize future federal funding. (Finding Code No. 2019-005, 2018-002, 2017-003, 2016-007, 2015-008)

**RECOMMENDATION**

We recommend the University improve its current procedures to ensure accurate and complete reporting of student information to the NSLDS.

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-006. **FINDING** (Inadequate Records Supporting Student Eligibility for Financial Aid)

Federal Agency:	Department of Education
CFDA Numbers:	84.063
Program Names and Award Numbers:	Student Financial Assistance Cluster [Federal Pell Grant Program (P063P171350/P063P181350)]
Program Expenditures:	\$14,050,903
Questioned Costs:	\$655

Northeastern Illinois University (University) did not ensure documents supporting the student's eligibility for student financial assistance were obtained from the students.

During testing of 40 students awarded with Title IV grants for the Academic Year 2018-2019, we noted a student (3%), whose application was selected by the U.S. Department of Education for verification by the University, did not provide documentation supporting their high school completion or recognized equivalent. The University upon inquiry by auditors, reversed the grant to the student by \$655. The sample was not intended to be, and was not, a statistically valid sample.

The Code of Federal Regulation (Code) (34 CFR 668.32(e)) requires a student to be eligible to receive Title IV to have a high school diploma or its recognized equivalent.

The Code (2 CFR 200.303) also requires the nonfederal entity receiving federal awards establish and maintain effective internal control over the federal award that provides reasonable assurance the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. Effective internal controls should include procedures to ensure required verification process for students applying for student financial aid is properly performed and admission requirements are adequately documented.

University officials stated this was due to administrative oversight in the student admission and financial aid verification processes by the Enrollment and Admission Office and the Student Financial Aid Office, respectively.

Failure to implement required verification for students applying financial aid may result in financial aid awarded to ineligible student. (Finding Code No. 2019-006, 2018-005)

**RECOMMENDATION**

We recommend the University improve its current procedures to ensure verification of students applying for financial aid is properly performed.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

## CURRENT FINDINGS – FEDERAL COMPLIANCE

2019-006. **FINDING** (Inadequate Records Supporting Student Eligibility for Financial Aid)  
(continued)

## **UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – FEDERAL COMPLIANCE**

2019-007. **FINDING** (Information Technology Risk Assessment Not Performed)

Federal Agency:	Department of Education
CFDA Numbers:	84.007; 84.268; 84.033; 84.038; 84.063
Program Names and Award Numbers:	Student Financial Assistance Cluster [(Federal Supplemental Educational Opportunity Grants (P007A171241/P007A181241); Federal Direct Student Loans (P268K181350/P268K191350); Federal Work-Study Program (P033A171241/P033A181241); Federal Perkins Loan Program (None); Federal Pell Grant Program (P063P171350/P063P181350); Teacher Education Assistance for College and Higher Education Grants (P379T181350/P379T191350)]
Program Expenditures:	\$454,559; \$19,055,480; \$502,886; \$1,478,085; \$14,050,903; \$49,203
Questioned Costs:	None

Northeastern Illinois University (University) did not document required risk assessments related to student information security.

As a requirement under the University's Program Participation Agreement with the Department of Education, the University must protect student financial aid information. However, during our testing, we noted they had not conducted a risk assessment identifying internal and external risks to the security, confidentiality, and integrity of the student's information.

The Standards for Safeguarding Customer Information, required by the Gramm-Leach-Bliley Act (GLBA) (16 C.F.R § 314.4 (b)), requires customers to identify reasonable foreseeable internal and external risks to the security, confidentiality, and integrity of customer information that could result in the unauthorized disclosure, misuse, alteration, destruction or other compromise of such information, and assess the sufficiency of any safeguards in place to control these risks. At a minimum, such a risk assessment should include consideration of risk in each relevant area of operations, including:

- (1) Employee training and management;
- (2) Information systems, including network and software design, as well as information processing, storage, transmission and disposal; and
- (3) Detecting, preventing and responding to attacks, intrusions, or other system failures.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

## CURRENT FINDINGS – FEDERAL COMPLIANCE

2019-007. **FINDING** (Information Technology Risk Assessment Not Performed)  
(continued)

Additionally, the 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.

Furthermore, generally accepted information technology guidance endorses the implementation of a process to identify risk and ensure appropriate safeguards are in place to protect IT systems and data.

University management indicated the above issues were due to limited staff resources.

Without documentation of a risk assessment, the University is at risk of noncompliance with the GLBA. In addition, there is a risk that University systems and information could be vulnerable to attacks or intrusions, and these attacks may not be detected in a timely manner. (Finding Code No. 2019-007).

## RECOMMENDATION

We recommend the University perform and document a comprehensive risk assessment identifying internal and external risks to the security, confidentiality, and integrity of the student's information. In addition, the University should ensure proper safeguards are in place to ensure the security of student information.

## UNIVERSITY'S RESPONSE

The University agrees with the recommendation.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2019-008. FINDING (Noncompliance with the Open Meetings Act)**

Northeastern Illinois University (University) did not fully comply with the requirements of the Open Meetings Act (Act).

During our testing of the University's compliance with the Act, we noted a designated employee did not complete the required annual training in compliance with the Act. In addition, a member of the Board of Trustees (BOT) appointed in Fiscal Year 2019 did not timely complete the electronic training curriculum developed and administered by the Public Access Counselor in compliance with the Act. The BOT member completed the training 2 days after it was due.

The Act (5 ILCS 120/1.05 (a)) requires the University to designate employees, officers, or members to receive training on compliance with the Act. The designated employees, officers, or members must successfully complete an annual training program. The Act (5 ILCS 120/1.05(b)) states each elected or appointed member of the University's BOT who is a member on the effective date of this amendatory Act of the 97th General Assembly must successfully complete the electronic training curriculum developed and administered by the Public Access Counselor within one year after the effective date. Each elected or appointed member of the BOT who becomes such a member after the effective date of this amendatory Act shall successfully complete the training within 90 days of taking the oath of office (if required) or otherwise assumed the responsibilities of a member of the BOT. Each member shall file a copy of the certificate of completion with the University.

University officials stated a calendar reminder to complete the annual training was inadvertently missed by the designated employee. The BOT member did not timely complete the electronic training due to oversight.

Failure to complete the required trainings under the Act may result in designated employees and BOT members not being made aware of the current requirements of the Act. (Finding Code No. 2019-008, 2018-011, 2017-010, 2016-015)

**RECOMMENDATION**

We recommend the University establish policies and procedures to ensure designated employees and members of the BOT complete or timely complete the required training in compliance with the Act and file the certificate of completion with the University.

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-009. **FINDING** (Time Sheets Not Required and Not Timely Completed and Approved)

Northeastern Illinois University (University) did not require all employees to submit timesheets as required by the State Officials and Employees Ethics Act (Act) and timesheets were not timely completed and approved.

During review of timesheets for 25 employees during the fiscal year, we noted the following:

- Timesheets submitted by 9 (36%) employees for pay periods tested were not timely completed and approved by the supervisor or unit head. The timesheets were approved one to 63 days late.
- Three (12%) employees did not submit timesheets for pay periods tested. One employee was a graduate assistant who received a stipend from the University and was not required to submit timesheets.

University procedures require a time report documenting the time spent each day on official State business to the nearest quarter hour to be submitted for all employees, except graduate assistants.

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)) states, “The policies shall require State employees to periodically submit timesheets documenting the time spent each day on official State business to the nearest quarter hour; contractual State employees may satisfy the time sheets requirement by complying with the terms of their contract, which shall provide for means of compliance with this requirement.” The IBHE adopted personnel policies for public universities on February 3, 2004 in accordance with the Act.

The Act (5 ILCS 430/1-5) defines employee as (i) any person employed full-time, part-time, or pursuant to a contract and whose employment duties are subject to the direction and control of an employer with regard to the material details of how the work is to be performed or (ii) any appointed or elected commissioner, trustee, director, or board member of a board of a State agency, including any retirement system or investment board subject to the Illinois Pension Code or (iii) any other appointee.

University procedures require each employee’s timesheet be approved by his or her supervisor and/or unit head prior to payroll processing by the Office of Human Resources.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-009. **FINDING** (Time Sheets Not Required and Not Timely Completed and Approved)  
(continued)

University officials stated the late time sheet submission and approval were due to oversight of employees and their supervisors to follow University procedures.

Failure to complete and approve timesheets timely as required by the University procedures may result in inaccurate time records and overpayment of payroll. In addition, 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 contemplated by the Act. (Finding Code No. 2019-009, 2018-012, 2017-011, 2016-010, 2015-011, 2014-013, 2013-010, 12-11, 11-9, 10-8, 09-9, 08-6, 07-6, 06-5, 05-4)

**RECOMMENDATION**

We recommend the University amend its policies and revise its procedures to ensure all employees submit timesheets documenting the time spent each day on official State business to the nearest quarter hour. In addition, the University should adhere to its procedures on timely completion and approval of timesheets.

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-010. **FINDING** (Weaknesses Regarding Clearing of Data from Electronic Devices)

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

During testing of 25 deleted equipment items, including 11 electronic devices consisting of laptops, desktops, a server, and a tablet, we noted the following:

- Two laptops and a server were not wiped or cleared of data before the items were transferred to the Department of Central Management (DCMS) for surplus as required by the University Data Security Policy. The University subsequently obtained a destruction certification from DCMS for the two laptops after inquiry by auditors.
- The University did not perform a complete assessment of seven missing and one stolen electronic devices to determine whether these devices contained confidential and personal information and whether notification was required as outlined in the Personal Information Protection Act.

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 University Data Security Policy states State-owned computer hard drives or other electronic/magnetic data storage devices utilized by the University shall have its hard drives or other electronic storage media undergo the overwrite process or be physically destroyed by means of mechanically piercing or crushing the media with enough force sufficient to prevent the copying or retrieval of any information.

In addition, the University had the responsibility to ensure that confidential and personal information were protected from disclosure in accordance with the Personal Information Protection Act (815 ILCS 530).

University officials stated the conditions noted were a result of property control procedures not consistently followed.

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. 2019-010, 2018-014)

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-010. **FINDING** (Weaknesses Regarding Clearing of Data from Electronic Devices)  
(continued)

**RECOMMENDATION**

We recommend the University ensure storage media of electronic devices be erased, wiped, sanitized, or destroyed in a manner that prevents retrieval of sensitive data and software before they are sold, donated, or transferred.

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2019-011. FINDING** (Inadequate Controls over University Property and Equipment)

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

During our physical identification of 20 items from the property records to the selected item, we noted the following:

- One video set (5%) amounting to \$1,437 could not be located. The University filed a missing asset investigation report for this item after the auditor's observation.
- One ticket printer (5%) amounting to \$1,969 did not have a tag number.
- Two (10%) equipment items consisting of a laptop and a television totaling \$5,628 were found in a location different from the location indicated in the property records.

During our tracing of 20 items selected for testing to the property records, we noted the following:

- Three (15%) equipment items consisting of a projector, ticket printer, and a laptop totaling \$3,487 were found in a location different from the location indicated in the property records.

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.

The Statewide Accounting Management System (SAMS) (Procedure 29.10.10) requires agencies to maintain detailed property records and update property records as necessary to reflect the current balance of State property. Such detailed records are to be organized by major asset category and include the following information for each asset: (1) cost (or other value); (2) function and activity; (3) reference to acquisition source document; (4) acquisition date and date placed in service; (5) name and address of vendor; (6) short description of asset; (7) organization unit charged with custody; (8) location; (9) fund and account from which the item was purchased; (10) method of acquisition; (11) estimated useful life; (12) estimated salvage value; (13) date, method and authorization of disposition; (14) tag number; (15) accumulated depreciation; (16) depreciation method; (17) depreciation convention; and (18) insured value (if applicable).

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2019-011. FINDING** (Inadequate Controls over University Property and Equipment)  
(continued)

During our testing of 26 vouchers totaling \$499,603, we noted the following:

- Equipment items purchased consisting of fiber optic transceivers and telecommunication devices from two (8%) vouchers totaling \$72,889 were not tagged and were not included in the property records.

The Department of Central Management Services (CMS) Property Control Rules (44 Ill. Adm. Code 5010.210) requires equipment with an acquisition value that is greater than \$1,000 and equipment that is subject to theft with a value less than \$1,000 must be marked with a unique identification number to be assigned by the agency holding the property.

- Various equipment items purchased, such as music rotary filing cabinets and an HD scaling auto-switcher, totaling \$16,839 from two vouchers (8%), were not timely recorded in the property record. These items were recorded 103 and 160 days after the vouchers were paid.

The CMS Property Control Rules (44 Ill. Adm. Code 5010.400) requires agencies to adjust property records within 90 days of acquisition, change or deletion of equipment items.

During our review of the University annual inventory count certification, we noted the following:

- The University did not accurately report the results of its annual inventory count to CMS. The University had no discrepancy reported on its annual inventory certification as of October 2018 submitted in February 2019 to CMS. The University performed the annual inventory count between June 2018 to October 2018. During this timeframe, the University identified 1,887 unlocated items totaling \$1,193,524. 1,578 items totaling \$830,838 were non-computer items and 309 items totaling \$362,686 consisted of computers and laptops. 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 that there were no discrepancies between its records and its annual inventory count.

The CMS Property Control Rules (44 Ill. Adm. Code 5010.490) requires the University to report all discrepancies between the previous certificate of inventory certification and the current inventory to CMS. For unusually large discrepancies, CMS requires re-examination of inventory and a written explanation; and or onsite investigation.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-011. **FINDING** (Inadequate Controls over University Property and Equipment)  
(continued)

- The University did not have written procedures to properly conduct the entire 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.

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 resources are utilized efficiently, effectively, and in compliance with applicable law; funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation; and 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.

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

University officials stated the conditions noted were due to property control procedures not consistently being followed and the ease of mobility of property.

Inadequate controls over University property may result in inaccurate financial reporting and loss of University property not being timely detected. In addition, failure to provide a full accounting of all unlocated items during the University's annual inventory count represents noncompliance with the CMS Property Control Rules and may result in stolen equipment items not properly identified and investigated in order to apply appropriate actions. (Finding Code No. 2019-011, 2018-017)

**RECOMMENDATION**

We recommend the University improve its procedures to ensure property and equipment records are accurately maintained, University assets are properly accounted for, and annual inventory counts are properly conducted and discrepancies accurately reported to CMS.

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-012. **FINDING** (Failure to Perform Employee Performance Evaluations Timely)

Northeastern Illinois University (University) did not perform employee performance evaluations timely.

During testing of 34 employee performance evaluations during the fiscal year, we noted the following:

- Three (9%) performance evaluations of employees, other than faculty members, were performed 1 to 66 days after they were due.
- Twelve (35%) performance evaluations of employees, other than faculty members, were submitted to the Office of the Human Resources 1 to 115 days after they were due.
- Four (12%) performance evaluations of faculty members were performed 3 to 105 days after they were due.

University procedures require performance evaluations be conducted annually for continuing employees. The University required the submission of the Fiscal Year 2019 annual performance evaluation for employees other than faculty members to the Office of Human Resources no later than August 6, 2019, and the submission of Academic Year 2018-2019 evaluations for faculty members by the deadlines set forth in the academic year evaluation timetable for academic support professionals and instructors.

University officials stated performance evaluations were not completed timely due to combination of competing priorities of employees, oversight, and failure of supervisors to complete the evaluations within the required timeframe despite the reminders sent to all employees.

Performance evaluations are a systematic and uniform approach for the development of employees and communication of performance expectations to employees. The evaluation measures actual work performance against the performance criteria established at the beginning of the appraisal period. Without timely completion of an employee performance evaluation, the employee would not be provided with formal feedback or assessment of his or her performance, and areas for improvements and current year's performance goals and objectives may not be identified and communicated in a timely manner. Furthermore, employee performance evaluations should serve as a foundation for salary adjustments, promotions, demotions, discharges, layoff, recall, or reinstatement decisions. (Finding Code No. 2019-012, 2018-018)

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-012. **FINDING** (Failure to Perform Employee Performance Evaluations Timely)  
(continued)

**RECOMMENDATION**

We recommend the University enforce monitoring procedures to ensure employee performance evaluations are completed in a timely manner.

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2019-013. FINDING (Noncompliance with the College Student Immunization Act)**

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

In Fiscal Year 2015, the University entered into a ground lease agreement as a lessor to lease its land to a lessee to develop, finance, construct, and operate the University's student housing facility. The student housing facility opened for occupancy in fall 2016.

During testing of 25 students enrolled in the academic year 2018-2019, we noted the following:

- The University did not obtain proof of immunizations against preventable communicable diseases for 14 (56%) students, of which 11 students enrolled in the subsequent semester without providing proof of immunization.
- The University did not inform 9 (36%) students of their incomplete immunization as prescribed by the Act and allowed these students to enroll in the subsequent semester.

In addition, the University did not file a report with the Department of Public Health (Department) as required by the Act.

The Act imposes specific duties and responsibilities on higher education students and institutions with on-campus housing within the State of Illinois, including the following:

- The Act (110 ILCS 20/2) requires the University's students enrolled at least half-time in on-campus classroom instruction born after December 31, 1956 (covered students) present proof the student has received immunizations against preventable communicable diseases, unless the student documents a specific statutory exemption. According to University officials, a student enrolled in six or more credit hours of classes is considered by the University to be, at least, a half-time student.
- The Act (110 ILCS 20/4) requires the University preclude covered students who fail to present appropriate documentation to the University from registering in a subsequent term or semester until the student complies with the law.
- The Act (110 ILCS 20/6) requires the University prepare and file a report with the Department by the eighth week of the Fall semester on a form prepared by the Department stating the number of persons attending the institution who have presented: proof of immunization; certification of medical exemption; statement of religious objections; and no proof of immunization.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-013. **FINDING** (Noncompliance with the College Student Immunization Act) (continued)

University officials stated the University does not interpret the Act as applicable because the University does not own, operate, and maintain the student housing facility.

Failure to comply with the Act could result in ineligible students enrolling for and attending classes on campus and increases public health risks from communicable disease. (Finding Code No. 2019-013)

**RECOMMENDATION**

We recommend the University require and maintain for inspection proof of immunization from students prior to allowing the students to attend the University. We also recommend the University file the required reports to the Department in compliance with the Act. If the University disagrees with the applicability of the Act, we recommend it seek a formal Attorney General opinion.

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-014.      **FINDING** (Weaknesses over Purchasing Credit Card Transactions)

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

During testing of 25 P-Card transactions of five employees, totaling \$15,769, we noted the following:

- Documentation for two of 25 (8%) transactions related to employee travel, totaling \$750, did not contain an approved Travel Authorization and Request Encumbrance form.
- 18 of 25 (72%) transactions totaling \$14,073 were approved after payment was made by the University.
- Five of 25 (20%) transactions totaling \$9,191 exceeded the total daily transaction limit of \$1,500.
- One of 25 (4%) transactions for a group travel exceeded the Travel Authorization by \$1,537. The University could not provide other Travel Authorizations to support that the amount incurred for the group travel was authorized.
- Four of 5 (80%) employees tested did not have a signed purchasing card agreement on file with the University.
- Six of 60 (10%) monthly P-Card Statements of the five employees exceeded the monthly transaction limit of \$5,000.

During detailed testing of monthly submission of P-Card packets containing supporting documents, we noted six of 10 (60%) P-Card packets tested were submitted late to the Controller's Office, ranging from 8 to 273 days, resulting in the untimely review of supporting documents by the Controller's Office.

In testing travel expenses using a P-Card, we noted 47 of 202 (23%) transactions, totaling \$12,491, did not have approved Travel Authorization and Request Encumbrance Forms supporting the travel. Further, we noted 18 (9%) transactions totaling to \$2,380 without documents supporting the travel expenses.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-014. **FINDING** (Weaknesses over Purchasing Credit Card Transactions) (continued)

The University's Purchasing Card Manual (Manual) states that Cardholder's default daily limit is \$1,500 and the default monthly spending limit is \$5,000. The Cardholder is responsible for submitting receipts, invoices, supporting documentation with the monthly card statement in furnished envelopes to the Controller's Office on a monthly basis. All P-Card receipts and supporting documentation, along with the signed Commercial Card Statement must be submitted after monthly reconciliation in a specially designated P-Card envelope to the Controller's Office within ten business days of the receipt of the monthly statement for review and retention.

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 resources are utilized efficiently, effectively, and in compliance with applicable law; that funds and resources are safeguarded against waste, loss, and misappropriation; and that expenditures, 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 exceptions noted were due to staff turnover in various departments.

Inadequate control over P-Card processing may result in unauthorized payments and resulted in noncompliance with the University P-Card Manual and transactions not being properly recorded. (Finding Code No. 2019-014)

**RECOMMENDATION**

We recommended the University implement and strengthen its controls over P-Card processing to prevent abuse, detect unauthorized transactions timely, and properly record transactions. Further, we recommend 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'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-0015. **FINDING** (Noncompliance with the Abused and Neglected Child Reporting Act)

Northeastern Illinois University (University) did not timely obtain signed statements from employees to acknowledge their understanding of the reporting requirements under the Abused and Neglected Child Reporting Act (Act).

During our testing of 25 new employees, we noted five (20%) employees did not timely sign a statement acknowledging their understanding of the requirements of the Act. The employees signed the statements 1 to 41 days after commencement of employment. In addition, three (12%) new employees did not sign a statement acknowledging their understanding of the requirements of the Act. The referenced employees were hired in August 2018.

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

University officials stated required signed statements to acknowledge an employee's understanding of reporting requirements of the Act were not obtained or timely obtained due to the employee's failure to sign and submit the forms during the employee orientation process and failure of the human resources department to ensure these forms were completed by new employees and maintained on the employee personnel records.

Failure to obtain signed statements from employees acknowledging their understanding of the reporting requirements under the Act may result in a lack of employee awareness of their reporting responsibilities and may inhibit timely actions to protect the health, safety, and best interest of a child vulnerable to child abuse and neglect. (Finding Code No. 2019-015, 2018-010, 2017-007, 2016-008, 2015-009, 2014-010, 2013-013)

**RECOMMENDATION**

We recommend the University ensure its new employees acknowledge their understanding of the reporting requirements under the Act prior to commencement of their employment.

**UNIVERSITY'S RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2019-016. FINDING (Lack of Disaster Contingency Plan)**

Northeastern Illinois University (University) did not ensure an adequately developed and tested contingency plan existed for critical applications maintained internally to ensure the timely recovery of critical computer systems.

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. In Fiscal Year 2019, the University moved its Banner system to a service provider. The Banner system provides the finance, human resource, payroll, and student information services and the University relied on the service provider's disaster recovery plan and procedures; however, the University did not ensure an adequately developed and tested contingency existed to recover internally maintained systems such as alumni development and fundraising.

Information technology guidance (including the National Institute of Standards and Technology and Government Accountability Office) endorse the formal development and testing of disaster contingency plans. Tests of disaster contingency plans (and the associated documentation of the test results) verify that the plan, procedures, and resources provide the capability to recover critical systems within the required timeframe.

University officials stated the University initiated the establishment of a disaster recovery plan during the fiscal year. There were technical components and implementations that need to be addressed before the disaster recovery plan is finalized and eventually tested.

Without an adequately developed and tested disaster contingency plan, the University cannot ensure its critical systems could be recovered in the event of disaster. Failure to adequately update and test the disaster contingency plan leaves the University exposed to the possibility of major disruptions of services. A comprehensive test of the plan across all platforms utilized will assist management in identifying weaknesses to ensure recovery procedures are adequate in the event a disaster. Continuous reviews and tests of plans would help management ensure the plans are appropriately modified, as the University's computing environment and disaster recovery needs change. (Finding Code No. 2019-016, 2018-019, 2017-015, 2016-016, 2015-013, 2014-015, 2013-014)

**RECOMMENDATION**

We recommend the University continue their efforts toward the creation of a formal disaster contingency plan to be tested on a regular basis and should include critical applications not covered by third party service providers. The plan should be continuously updated to reflect environmental changes and improvements identified from the tests.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-016. **FINDING** (Lack of Disaster Contingency Plan) (continued)

**UNIVERSITY RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2019-017. FINDING** (Noncompliance with Payment Card Industry Security Standards)

Northeastern Illinois University (University) did not ensure compliance with the Payment Card Industry Security Standards (PCI DSS).

The University accepted credit card payments for tuition, student fees, ticket sales, and parking fees. In Fiscal Year 2019, the University handled approximately 28,000 transactions estimated at approximately \$24 million.

During testing, we noted the University had not:

- Formally assessed each program accepting credit cards, the methods in which payments could be made, matched these payments to the appropriate Self Assessment Questionnaire (SAQ), and contacted service providers and obtained relevant information and guidance as deemed appropriate.
- Completed a SAQ addressing all elements of its environment utilized to store, process, and transmit cardholder data.
- Maintained agreements with service providers or obtained and reviewed documentation supporting the providers PCI compliance.

PCI DSS was developed to detail security requirements for entities that store, process, or transmit cardholder data. Cardholder data is any personally identifiable data associated with a cardholder.

To assist merchants in the assessments of their environment, the PCI Council established SAQs for validating compliance with PCI's core requirements. At a minimum, PCI DSS required completion of SAQ A; which highlights specific requirements to restrict access to paper and electronic media containing cardholder data, destruction of such media when it is no longer needed, and requirements for managing service providers. As additional elements, such as face-to-face acceptance of credit cards and point-of-sale solutions are utilized, additional PCI DSS requirements apply.

University officials stated the above issues were due to a lack of adequate resources to ensure compliance.

The University has the responsibility to ensure computer systems and cardholder data are protected from accidental or unauthorized disclosure. The lack of validation of proper controls increases the risk of unauthorized disclosure of cardholder data. (Finding Code No. 2019-017, 2018-020, 2017-016, 2016-017, 2015-014)

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-017. **FINDING** (Noncompliance with Payment Card Industry Security Standards)  
(continued)

**RECOMMENDATION**

We recommend the University:

- At least annually, assess each program accepting credit card payments and match the payment method to the appropriate SAQ.
- Complete the appropriate SAQ(s) for its environment and maintain documentation supporting its validation efforts.
- Maintain contact with service providers to ensure sufficient knowledge and awareness of PCI compliance status, issues, and guidance.

**UNIVERSITY RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2019-018. FINDING (Weaknesses over Computer Security)**

Northeastern Illinois University (University) had computer security weaknesses.

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, the University did not safeguard their computing environment. During our testing, we noted the following weaknesses:

- User access rights to the applications and network were not periodically reviewed. During the examination period, the University did not perform any security audits to review access of employees to systems. We noted 675 users never accessed their account, and 324 users had not accessed their account in over six months.
- Access rights were not removed in a timely manner. During our review of system access, we compared a list of separated employees (from the Human Resources Department) to the list of active user accounts. We noted 94 separated employees continued to have access in the Active Directory.
- Users were granted access without proper authorization. University security policy requires that access to the University computing resources should only be established upon receipt of a complete and properly approved request form. During our review of system access, we tested 16 out of 142 new users during the audit period and noted 3 out of 16 (18%) had been granted access rights without an approved request form.
- A change management process to configure network devices (i.e. switches, routers and firewall) did not exist.
- Servers were not updated. We tested 7 of the University's 62 servers, and found 4 out of 7 (57%) servers had outdated (unsupported) operating systems and did not have antivirus software.
- Encryption software was not installed on laptops.
- Concurrent network sessions were unlimited per user.

Effective computer security controls provide for safeguarding, securing, and controlling access to hardware, software, and the information stored in the computer systems. Without the implementation of adequate controls and procedures, there is an increased risk an unauthorized individual may gain access to University resources. Further, concurrent network sessions should

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-018. **FINDING** (Weaknesses over Computer Security) (continued)

be controlled to reduce the ability of users to share their credentials as well as to reduce the risk of a network attack as a hacker can seamlessly use valid credentials at the same time as their legitimate owner.

University officials stated the above issues were due to a lack of adequate resources.

Failure to have adequate security over computing resources increases the risk of unauthorized access to the computing environment. Concurrent network sessions significantly increase network vulnerability. Failure to control and safeguard confidential and sensitive information could result in unauthorized disclosure and inappropriate use of personal information. (Finding Code No. 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 based on job duties. In addition, the Authority should ensure timely deactivation for users no longer needing access.
- Develop a formal process for changes to network devices (including steps for additions, deletions, upgrades, and patches.)
- Ensure anti-virus software is running on all servers and operating systems are upgraded to ensure vendor support in case problems are encountered.
- Encrypt all laptops that could contain sensitive information.
- Establish concurrent session limits on systems.

**UNIVERSITY RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

**2019-019. 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 comprehensive university that provides an environment for learning, teaching and scholarship, the University maintains computer systems that contain large volumes of confidential or personal information such as 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 to identify and ensure adequate protection of information (i.e. confidential or personal information) most susceptible to attack.
- Classified its data to identify and ensure adequate protection of information.
- Evaluated and implemented appropriate controls to reduce the risk of attack.
- Ensured all staff members completed cybersecurity training upon employment and annually thereafter.

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.

Furthermore, generally accepted information technology guidance, including the National Institute of Standards and Technology, endorses the development of well-designed and well-managed controls to protect computer systems and data.

University management indicated the above issues were due to limited staff resources. The information security management is a shared responsibility among different University Technology Services Divisions.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-019. **FINDING** (Weaknesses in Cybersecurity Programs and Practices) (continued)

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 No. 2019-019)

**RECOMMENDATION**

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

- Perform a comprehensive risk assessment to identify and classify data to ensure adequate protection of confidential or personal information most susceptible to attack.
- Evaluate identified risks and implement appropriate controls to reduce the risk.
- Establish a cybersecurity awareness program that includes required annual cybersecurity awareness training which covers identifying security threats, overview of information security policies and procedures, and security incident response process.

**UNIVERSITY RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-020. **FINDING** (Lack of Adequate Controls over Review of Internal Controls over External Service Providers)

Northeastern Illinois University (University) did not obtain or conduct timely independent internal control reviews over external service providers.

The University entered into an agreement with a service provider to host the Banner system in 2018. Banner provides the finance, human resource, payroll, and student information services for the University and subsequently maintains critical and confidential information. The University also utilized another external service provider to track its property and equipment.

During testing, the auditors noted the University had not:

- Obtained Service Organization Controls (SOC) Reports for the complete audit period.
- Documented its review of each of the SOC reports.
- Monitored and documented the operation of the Complementary User Entity Controls (CUECs) relevant to the University's operations.
- Obtained and reviewed SOC reports for subservice organizations or performed alternative procedures to determine the impact on its internal control environment.

Additionally, it was noted the contracts between the University and the service providers did not contain a requirement for an independent review to be completed.

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.

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, which shall 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. In addition, generally accepted information technology guidance endorses the review and assessment of internal controls related to information systems and operations to assure the accurate processing and security of information.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**CURRENT FINDINGS – STATE COMPLIANCE**

2019-020. **FINDING** (Lack of Adequate Controls over Review of Internal Controls over External Service Providers) (continued)

The University management indicated the information security officer was vacated in 2017 which resulted in significant information security processes and controls including managing of service providers not being established and performed.

Without having obtained and reviewed a SOC Report or another form of independent internal control review, the University does not have assurance the external service provider's internal controls are adequate. (Finding Code No. 2019-020)

**RECOMMENDATION**

We recommend the University identify all third party service providers and determine and document if a review of controls is required. If required, the University should:

- Obtain SOC reports or (perform independent reviews) of internal controls associated with outsourced systems at least annually.
- Monitor and document the operation of the CUECs relevant to the University's operations.
- Either obtain and review SOC reports for subservice organizations or perform alternative procedures to satisfy itself that the existence of the subservice organization would not impact its internal control environment.
- Document its review of the SOC reports and review all significant issues with subservice organizations to ascertain if a corrective action plan exists and when it will be implemented, any impacts to the University, and any compensating controls.
- Review contracts with service providers to ensure applicable requirements over the independent review of internal controls are included.

**UNIVERSITY RESPONSE**

The University agrees with the recommendation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2019**

**PRIOR FINDINGS NOT REPEATED**

**A. FINDING** (Inadequate Controls over Student Receivables and Tuition Billings)

During the prior audit, Northeastern Illinois University (University) did not establish and implement adequate internal controls over receivables and tuition billings resulting in student accounts with credit balances and incorrect tuition rates billed to students.

During the current audit, our sample testing indicated the University billed students with the applicable tuition rates during the academic year and ensured student accounts were properly classified in the financial statements. (Finding Code No. 2018-001)

**B. FINDING** (Inaccurate Calculation and Untimely Return of Title IV Funds)

During the prior audit, Northeastern Illinois University (University) did not accurately calculate and timely return the Title IV funds for students who withdrew from their classes in the University

During the current audit, our sample testing did not disclose similar exceptions on inaccurate calculation and untimely return of Title IV Funds to the U.S. Department of Education. (Finding Code No. 2018-003, 2017-005)

**C. FINDING** (Inaccurate Annual Performance Report for Gaining Early Awareness and Readiness for Undergraduate Programs)

During the prior audit, Northeastern Illinois University (University) did not accurately report the matching cost on its Annual Performance Report (APR) for Gaining Early Awareness and Readiness for Undergraduate Programs.

During the current audit, our review of the APR and Final Performance Report did not disclose similar exceptions of inaccurate reporting of matching costs. (Finding Code No. 2018-006)

**D. FINDING** (Inaccurate FISAP Reporting)

During the prior audit, Northeastern Illinois University (University) did report accurate information when completing its Fiscal Operations Report and Application to Participate (FISAP).

During the current audit, our review of the FISAP did not disclose similar exceptions of inaccurate information reported on the FISAP. (Finding Code No. 2018-009, 2017-002, 2016-006, 2015-007)

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2019**

**PRIOR FINDINGS NOT REPEATED**

**E. FINDING** (Noncompliance with the Fiscal Control and Internal Auditing Act)

During the prior examination, Northeastern Illinois University's (University) Internal Audit Department did not undergo a peer review since its last external quality assurance completed in Fiscal Year 2012. In addition, the internal audit plan was not timely adopted, and certain required audits were not performed as required by the Fiscal Control and Internal Auditing Act (FCIAA).

During the current examination, a peer review was completed for the University's Internal Audit Department, the internal audit plan was adopted timely, and audits required by FCIAA were performed and completed. (Finding Code No. 2018-013, 2017-012, 2016-012)

**F. FINDING** (Noncompliance with the Public Funds Act)

During the prior examination, Northeastern Illinois University (University) did not timely post and accurately report its investment information on the University website in accordance with the Accountability for the Investment of Public Funds Act.

During the current examination, our sample testing indicated the University timely posted and accurately reported its investment information on the University website during the fiscal year. (Finding Code No. 2018-015)

**G. FINDING** (Inadequate Controls Over Contractual Agreements)

During the prior examination, Northeastern Illinois University (University) did not ensure all required contractual certifications were incorporated into the University's contractual agreements.

During the current examination, our sample testing disclosed lesser exceptions. These were not considered to be as significant as in the prior year; thus was reported in the University Report of Immaterial Findings. (Finding Code No. 2018-016, 2017-013)

**Schedule 1**

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2019**

<b>Federal Grantor/ Pass-Through Grantor Program/Grant Title</b>	<b>Federal CFDA Number</b>	<b>Passed-Through Number</b>	<b>Federal Expenditures</b>	<b>Passed-Through to Subrecipients</b>
<b>MAJOR PROGRAMS:</b>				
<b>Student Financial Assistance Cluster</b>				
<b>Department of Education</b>				
Federal Supplemental Educational Opportunity Grants	84.007		\$ 454,559	\$ -
Federal Direct Student Loans	84.268		19,055,480	-
Federal Work-Study Program	84.033		502,886	-
Federal Perkins Loan Program	84.038		1,478,085	-
Federal Pell Grant Program	84.063		14,050,903	-
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379		49,203	-
<b>Total Department of Education</b>			<u>35,591,116</u>	<u>-</u>
<b>Total Student Financial Assistance Cluster</b>			<u>35,591,116</u>	<u>-</u>
<b>Research and Development Cluster</b>				
<b>National Science Foundation</b>				
Mathematical and Physical Sciences				
Regularization of Hypersensitive Problems for Numerical Computation with Empirical Data	47.049		59,916	-
Passed-Through Indiana University MRI Consortium: Development of Instrumentation for the PICO-500 Bubble Chamber	47.049	SB-4856130-NIU	17,071	-
Total Mathematical and Physical Sciences			<u>76,987</u>	<u>-</u>
Geosciences				
P2C2: Collaborative Research: Rocky Mountain Ecohydrology During the Eemian Intergracial	47.050		1,463	-
Collaborative Research: REU Site: Water Resources and Quality in the Riviera Maya, Mexico	47.050		23,304	-
Total Geosciences			<u>24,767</u>	<u>-</u>
Computer and Information Science and Engineering				
Passed-Through University of Texas at El Paso NSF INCLUDES Alliance: Computing Alliance of Hispanic-Serving Institutions	47.070	226100998J	32,457	-
Passed-Through University of Texas at El Paso BPC-A: Computing Alliance of Hispanic-Serving Institutions - Building a Resilient, Sustainable and Adaptable CAHSI Ecosystem	47.070	226100958G	18,663	-
Total Computer and Information Science and Engineering			<u>51,120</u>	<u>-</u>
Biological Sciences				
EAGER: Development of a Genetic System Directing Multicellular Development of Myxococcales	47.074		151,969	-
Passed-Through Hauptman Woodward Medical Research Institute				
Z/E Isomerization in Phytochromes from Myxobacteria	47.074	6227	16,719	-
Total Biological Sciences			<u>168,688</u>	<u>-</u>

**Schedule 1**

**STATE OF ILLINOIS**  
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2019**

<b>Federal Grantor/ Pass-Through Grantor Program/Grant Title</b>	<b>Federal CFDA Number</b>	<b>Passed-Through Number</b>	<b>Federal Expenditures</b>	<b>Passed-Through to Subrecipients</b>
<b>MAJOR PROGRAMS (continued):</b>				
<b>Research and Development Cluster (continued)</b>				
<b>National Science Foundation (continued)</b>				
Social, Behavioral, and Economic Sciences				
Suburban Social Contacts and Changing Demographic Balances	47.075		49,855	-
Passed-Through University of Chicago				
SL-CN: The Role of Gesture in Mathematics Learning: from Research to Practice	47.075	FP063962	27,073	-
Total Social, Behavioral, and Economic Sciences			76,928	-
Education and Human Resources				
Development of Assessment Protocols for Assessing Computational Thinking in Physics and Engineering Making Activities	47.076		101,508	22,972
Peer Enhanced Experiential Research in STEM (PEERS)	47.076		67,233	-
Integrating Science, Mathematics, and Computing Within an Elementary and Middle School Pre-Service Teacher Education Curriculum	47.076		198,283	-
Passed-Through Chicago State University				
Illinois Louis Stokes Alliance for Minority Participation (ILSAMP)	47.076	53953	10,857	-
University and Community College Collaboration for Mathematics and Biology Scholar Teacher Education	47.076		214,121	7,938
HSI Conference: Catalyzing Progress in Undergraduate STEM Education with Insights from Midwestern HSIs	47.076		15,000	-
Building Capacity: Addressing Critical Transitions of First-Year STEM Students	47.076		29,546	-
Total Education and Human Resources			636,548	30,910
<b>Total National Science Foundation</b>			<b>1,035,038</b>	<b>30,910</b>
<b>Department of Health and Human Services</b>				
Biomedical Research and Research Training				
NU-STARS for Northeastern Illinois Student Training in Academic Research in the Sciences	93.859		277,526	-
Passed-Through Ithaca College				
Signaling Specificity Mediated by the C. Elegans FGF Receptor Tyrosine Kinase	93.859	R15GM122001	33,620	-
Total Biomedical Research and Research Training			311,146	-
Child Health and Human Development Extramural Research				
Passed-Through University of Cincinnati				
Intimate Partner Violence in Sexual Minority Female Adolescents and Young Adults	93.865	010314-005	18,512	-

**Schedule 1**

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2019**

<b>Federal Grantor/ Pass-Through Grantor Program/Grant Title</b>	<b>Federal CFDA Number</b>	<b>Passed-Through Number</b>	<b>Federal Expenditures</b>	<b>Passed-Through to Subrecipients</b>
<b>MAJOR PROGRAMS (continued):</b>				
<b>Research and Development Cluster (continued)</b>				
<b>Department of Health and Human Services (continued)</b>				
Cancer Centers Support Grants				
The Chicago Collaborative to Promote and Advance Cancer Health Equity	93.397		943,995	83,313
Improving Caregiver Health Literacy of Hispanic Cancer Patients Using a Dialogue System	93.397		53,252	-
Total Cancer Centers Support Grants			997,247	83,313
Research Infrastructure Programs				
Passed-Through University of Chicago Hexacago: A Game-Based Approach to Engaging Youth in Health and Science	93.351	FP058904-A	38,692	-
<b>Total Department of Health and Human Services</b>			1,365,597	83,313
<b>Department of Agriculture</b>				
Higher Education-Multicultural Scholars Grant Program				
Multicultural Scholars Program	10.220		33,277	-
Hispanic Serving Institutions Education Grants				
Agriculture and Undergraduate Achievement	10.223		43,786	-
<b>Total Department of Agriculture</b>			77,063	-
<b>Total Research and Development Cluster</b>			2,477,698	114,223
<b>TRIO Cluster</b>				
<b>Department of Education</b>				
TRIO Talent Search	84.044		460,590	-
TRIO McNair Post-Baccalaureate Achievement	84.217		203,697	-
TRIO Upward Bound Pathways	84.047		330,085	-
TRIO Upward Bound Math and Science Pathways	84.047		291,366	-
TRIO Student Support Services	84.042		622,602	-
<b>Total Department of Education</b>			1,908,340	-
<b>Total TRIO Cluster</b>			1,908,340	-
<b>Department of Education</b>				
Higher Education Institutional Aid				
EXITO: Exit on Time in STEM	84.031		932,070	109,629
A Comprehensive System of Support: Increasing Retention into the Third Year	84.031		606,305	-
Title V: Developing Hispanic-Serving Institutions Program	84.031		68,415	-
Total Higher Education Institutional Aid			1,606,790	109,629

**Schedule 1**

**STATE OF ILLINOIS**  
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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2019**

<b>Federal Grantor/ Pass-Through Grantor Program/Grant Title</b>	<b>Federal CFDA Number</b>	<b>Passed-Through Number</b>	<b>Federal Expenditures</b>	<b>Passed-Through to Subrecipients</b>
<b>MAJOR PROGRAMS (continued):</b>				
<b>Department of Education (continued)</b>				
Twenty-First Century Community Learning Centers Passed-Through Illinois State Board of Education				
Project 4421-15: Pathways	84.287	4421-15-15-016- 5405-51	178,816	-
Project 4421-13: Austin	84.287	4421-13-15-016- 5405-51	526,071	29,153
Project 4421-19: Craft	84.287	4421-19-15-016- 5405-51	335,423	-
Project 4421-25: Morton Success	84.287	4421-25-15-016- 5405-51	354,896	-
Total Twenty-First Century Community Learning Centers			1,395,206	29,153
<b>Total Department of Education</b>			3,001,996	138,782
<b>TOTAL MAJOR PROGRAMS</b>			42,979,150	253,005
<b>OTHER PROGRAMS:</b>				
<b>Department of Education</b>				
Rehabilitation Long-Term Training Rehabilitation Long-Term Training Program - Vocational Rehabilitation	84.129		203,661	-
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334		10,675,243	997,977
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants) Passed-Through Illinois Board of Higher Education No Child Left Behind - Improving Teacher Quality: Plans for Academic Success for All Students	84.367		258	-
Passed-Through National Writing Project Investing in the National Writing Project's College-Ready Writers Program: Expanding the Reach of Effective Teacher-Leaders to Support All Students	84.367		26,806	-
Total Supporting Effective Instruction State Grant			27,064	-
<b>Total Department of Education</b>			10,905,968	997,977
<b>Department of Health and Human Services</b>				
Block Grants for Prevention and Treatment of Substance Abuse Passed-Through Illinois Department of Human Services Substance Abuse Prevention	93.959	43CXZ03274	77,858	-
<b>Total Department of Health and Human Services</b>			77,858	-

**Schedule 1**

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2019**

<b>Federal Grantor/ Pass-Through Grantor Program/Grant Title</b>	<b>Federal CFDA Number</b>	<b>Passed-Through Number</b>	<b>Federal Expenditures</b>	<b>Passed-Through to Subrecipients</b>
<b>OTHER PROGRAMS (continued)</b>				
<b>Department of Housing and Urban Development</b>				
ROSS Supportive Services Programs				
ROSS for Education (ROED)	14.898		1,016	-
<b>Total Department of Housing and Urban Development</b>			1,016	-
<b>Department of Justice</b>				
Grants to Reduce Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus				
Sexual Assault and Violence Prevention Project	16.525		43,563	-
Innovations in Community-Based Crime Reduction				
Passed-Through Teamwork Englewood and Englewood Quality-of-Life Task Force				
Byrne Criminal Justice Innovation Program (BCJI)				
Category 2: Planning and Implementation Grant	16.817		38,491	-
<b>Total Department of Justice</b>			82,054	-
<b>Department of Defense</b>				
Language Grant Program				
STARTALK 2019: SAMI Student Program and SALTT Teacher Program	12.900		30,372	-
STARTALK: NEIU Teacher Training Program	12.900		24,185	-
Total Language Grant Program			54,557	-
<b>Total Department of Defense</b>			54,557	-
<b>Department of State</b>				
Public Diplomacy Programs				
Passed Through Partners of the Americas, Inc.		100K-254COL-		
100,000 Strong in the Americas Program	19.040	04	24,752	-
<b>Total Department of State</b>			24,752	-
<b>National Endowment of the Arts</b>				
Promotion of the Humanities Teaching and Learning Resources and Curriculum Development				
Developing a Kurdish Language and Culture Studies Program	45.162		6,053	-
<b>Total National Endowment of the Arts</b>			6,053	-
<b>TOTAL OTHER PROGRAMS</b>				
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 54,131,408	\$ 1,250,982

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2019**

**Note 1 - Significant Accounting Policy**

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Northeastern Illinois University (University) for the year ended June 30, 2019 which are recorded on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All federal awards received directly from federal agencies as well as federal awards passed through other government and nonprofit agencies are included on the schedule. The University has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 2 - Student Loan Program Administered by the University**

As of June 30, 2019, the University's outstanding loan balance totaled \$1,313,465 under the Federal Perkins Loan Program (CFDA #84.038) and loans made to eligible student during the year totaled \$0. Administrative costs charged to the loan program is \$0.

**Note 3 - Total New Federal Student Loans**

During the audit period, the University processed the following amounts under the Federal Direct Student Loans Program (CFDA #84.268):

Direct Subsidized Loans	\$ 7,803,437
Direct Unsubsidized Loans	10,360,192
Direct Graduate PLUS Loans	5,857
Direct Parent Plus Loan	885,994
Total	<u><u>\$ 19,055,480</u></u>

There were no administrative costs charged to the loan program.

**Note 4 - Nonmonetary Assistance**

During the period, the University did not have any nonmonetary assistance.

**Note 5 - Insurance Disclosure**

During the period, there are no federally-funded insurance in effect.

**Schedule 2**

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF APPROPRIATIONS, EXPENDITURES AND LAPSED BALANCES**  
**FOR THE FISCAL YEAR 2019**  
**For the Sixteen Months Ended October 31, 2019**

	<b>Appropriations (Net After Transfers)</b>	<b>Expenditures Through 06/30/19</b>	<b>Lapse Period Expenditures 07/01/19 - 10/31/19</b>	<b>Expenditures 16 Months Ended 10/31/19</b>	<b>Total Balances Lapsed 10/31/19</b>
Public Act No. 100-0586					
APPROPRIATED FUNDS					
Education Assistance Fund - 007					
Personal services	\$ 32,800,600	\$ 32,787,698	\$ 12,902	\$ 32,800,600	\$ -
Group insurance	1,072,600	1,072,600	-	1,072,600	-
<b>TOTAL APPROPRIATED FUNDS</b>	<b>\$ 33,873,200</b>	<b>\$ 33,860,298</b>	<b>\$ 12,902</b>	<b>\$ 33,873,200</b>	<b>\$ -</b>

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of October 31, 2019, and have been reconciled to University records.

Note 2: Expenditures amount are vouchers approved for payment by the University and submitted to the State Comptroller for reimbursement of payments to vendors.

**Schedule 3**

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
COMPARATIVE SCHEDULE OF NET APPROPRIATIONS, EXPENDITURES AND  
LAPSED BALANCES  
For the Years Ended June 30, 2019 and 2018**

	<b>Fiscal Year</b>	
	<b>2019</b>	<b>2018</b>
	<b>P.A. 100-0586</b>	<b>P.A. 100-0021</b>
<b>Education Assistance Fund - 007</b>		
Appropriations (net after transfers)	\$ 33,873,200	\$ 33,209,000
Expenditures	'	
Personal services	32,800,600	32,265,300
Group insurance	1,072,600	943,700
Total expenditures	33,873,200	33,209,000
Lapsed balances	\$ -	\$ -
<b>Grand Total, All Funds</b>		
Appropriations (net of transfers)	\$ 33,873,200	\$ 33,209,000
Expenditures	33,873,200	33,209,000
Lapsed balances	\$ -	\$ -

Note 1: Appropriations, expenditures, and lapsed balances were obtained from the State Comptroller records as of October 31, 2019 and 2018, respectively, and have been reconciled to University records.

Note 2: Expenditures amount are vouchers approved and paid by the University and submitted to the State Comptroller for reimbursement of payments to vendors.

Note 3: Notwithstanding anything within Public Act 100-0021 to the contrary, Public Act 100-0021 authorized the University to pay for all costs incurred prior to July 1, 2018, using either its Fiscal Year 2017 or Fiscal Year 2018 appropriations for non-payroll expenditures.

**Schedule 4**

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES**  
**For the Years Ended June 30, 2019 and 2018**

	<b>2019</b>	<b>2018</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>		
Fund balance, beginning of year, as previously reported	\$ (5,427,180)	\$ 10,895,257
Cumulative effect of changes in accounting principle	- <hr/>	(40,804,501) <hr/>
Fund balance, beginning of year, as restated	<hr/> (5,427,180)	<hr/> (29,909,244)
 Income fund revenues:		
Tuition	58,358,140	64,168,468
Rental income	148,154	153,165
Investment income	1,049,674	470,641
Miscellaneous	<hr/> 2,930,290	<hr/> 2,099,528
Total income fund revenues	<hr/> 62,486,258	<hr/> 66,891,802
 Income fund expenditures:		
Personal services (including change in accrued compensated absences)	31,703,244	16,535,919
Social Security, Medicare, health, and life insurance	2,103,661	4,593,794
Contractual services	11,504,223	8,092,284
Travel	188,951	163,393
Commodities	652,234	717,932
Equipment and library books	544,558	935,144
Telecommunications	438,971	447,676
Operation of automotive	53,106	40,330
Awards, grants, and matching funds	1,343,063	1,430,414
Permanent improvements	379,053	190,001
Tuition and fee waivers	4,340,182	4,283,611
Loss on cancelled capital project	93,378	1,596,538
Other expenses	<hr/> 3,262,301	<hr/> 3,382,702
Total income fund expenditures	<hr/> 56,606,925	<hr/> 42,409,738
 <b>FUND BALANCE, END OF YEAR</b>	<hr/> \$ 452,153	<hr/> \$ (5,427,180)

Note: This schedule has been prepared on the accrual basis of accounting.

**Schedule 5**

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF CHANGES IN CAPITAL ASSETS**  
**For the Year Ended June 30, 2019**

	<b>Balance</b>					<b>Balance</b>
	<b>June 30, 2018</b>	<b>Additions</b>	<b>Transfers</b>	<b>Deductions</b>		<b>June 30, 2019</b>
Land	\$ 26,442,932	\$ -	\$ -	\$ -		\$ 26,442,932
Land improvements	12,145,086	-	-	-		12,145,086
Building and building improvements	226,380,319	1,493,303	-	-		227,873,622
Equipment	34,207,045	1,665,735	-	3,285,840		32,586,940
Library books	26,596,115	329,632	-	357		26,925,390
Construction in progress	<u>2,266,431</u>	<u>281,926</u>	<u>-</u>	<u>93,378</u>		<u>2,454,979</u>
Total	<u><u>\$ 328,037,928</u></u>	<u><u>\$ 3,770,596</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,379,575</u></u>		<u><u>\$ 328,428,949</u></u>

This schedule has been prepared from the University' property control records. These records are maintained on a basis prescribed by the Department of Central Management Services and differ from the information presented in the basic financial statements due to the higher capitalization thresholds which were adopted for financial reporting purposes. These records have been reconciled to the property records submitted to the State Comptroller.

**Schedule 6**

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
SCHEDULE OF SOURCES AND APPLICATION OF  
INDIRECT COSTS REIMBURSEMENTS  
For the Year Ended June 30, 2019**

**Sources**

Student tuition and fees	\$ 377,602
Federal grants and contracts	1,245,138
State and local grants	83,810
Nongovernmental grants and contracts	62,501
Auxiliary enterprises	<u>187,492</u>
Total sources	<u>1,956,543</u>

**Applications**

Personal services, retirement, social security and group insurance	615,910
Contractual services	1,251,646
Travel	91,664
Commodities	136,551
Equipment	120,592
Telecommunications	8,749
Awards and grants	2,250
Permanent improvements	<u>7,200</u>
Total applications	<u>2,234,562</u>

**Deficiency of sources over applications**

(278,019)

**Transfers**

Transfers to other funds	<u>(751,116)</u>
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**Deficiency of sources over applications after transfers**

(1,029,135)

**Fund Balance, Beginning of Year**1,782,735**Fund Balance, End of Year**\$ 753,600

**Schedule 7**

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF FEDERAL EXPENDITURES, NONFEDERAL EXPENSES AND NEW LOANS**  
**For the Year Ended June 30, 2019**

**SCHEDULE A - FEDERAL FINANCIAL COMPONENT**

Total federal expenditures reported on SEFA schedule	\$ 54,131,408
Total new loans made not included on SEFA schedule	- *
Amount of federal loan balances at beginning of the year (not on the SEFA schedule and continued compliance is required)	- *
Other noncash federal award expenditures (not included on SEFA schedule)	<hr/> - *

**TOTAL SCHEDULE A** \$ 54,131,408

**SCHEDULE B - TOTAL FINANCIAL COMPONENT**

Total operating expenses (from financial statements)	\$ 167,883,748
Total nonoperating expenses (from financial statements)	2,029,025
Total new loans made	19,055,480
Amount of federal loan balances at the beginning of the year	1,446,189
Other noncash federal award expenditures	<hr/> - **

**TOTAL SCHEDULE B** \$ 190,414,442

**SCHEDULE C**

	Percent
Total Schedule A	\$ 54,131,408 28%
Total nonfederal expenses	<hr/> 136,283,034 72%
<b>TOTAL SCHEDULE C</b>	<u>\$ 190,414,442</u> 100%

\* *Loan amounts are included on SEFA schedule.*

\*\* *There were no noncash federal award expenditures during the fiscal year.*

These schedules are used to determine the University single audit costs in accordance with the Uniform Guidance.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
UNIVERSITY FUNCTIONS AND PLANNING PROGRAM (UNAUDITED)  
For the Year Ended June 30, 2019**

**Description of Planning System**

**Functions**

*Mission*

The Northeastern Illinois University (University), as a public comprehensive university with locations throughout Chicago, provides an exceptional environment for learning, teaching, and scholarship. The University prepares a diverse community of students for leadership and service in our region and in a dynamic multicultural world.

*Vision*

The University will be a leader among metropolitan universities, known for its dedication to its urban mission, for the quality of its programs, for the success of its graduates, and for the diversity of its learning environment.

*Values*

The University is committed to a set of shared values - *integrity, excellence, access to opportunity, diversity, community, and empowerment through learning* - that, taken collectively, guides their actions and interactions, both within and throughout the University and outside the University, as they work together to prepare graduates for the responsible exercise of citizenship. These values serve as the touchstone for planning how the University will best achieve the educational mission entrusted to them.

**Planning**

The University has identified six strategic goals as the most critical objectives in meeting their Mission and achieving their Vision. These strategic goals, and the action steps accompanying each goal, are used to establish their work and budget priorities each year, and serve as the framework to determine the success of the University. The six strategic goals are as follows:

- (1) Student Success: Ensure student success from recruitment through graduation by creating a culture in which all members of the University community are engaged in attracting, educating, and graduating students who achieve the objectives for baccalaureate and graduate degrees.
- (2) Academic Excellence and Innovation: Develop an environment that supports curricular and pedagogical innovation aligned with the mission of the institution, the standards of the disciplines, student needs, and career and civic opportunities in a global society.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**UNIVERSITY FUNCTIONS AND PLANNING PROGRAM (UNAUDITED) (continued)**  
**For the Year Ended June 30, 2019**

- (3) Urban Leadership: Work collaboratively with educational, social service, governmental, and business institutions in Chicago and the region to build upon the University's tradition of community involvement.
- (4) Exemplary Faculty and Staff: Invest in faculty and staff to make the University a world-class metropolitan university and an employer of choice.
- (5) Enhanced University Operations: Provide a supportive learning, teaching and working environment by improving operating productivity, physical infrastructure, and environmental sustainability.
- (6) Fiscal Strength: Enhance the University's financial position by reducing reliance on State general funds and student tuition, diversifying revenue sources, and strengthening institutional relationships with federal, State, and local governments, and private sponsors.

Also included in the University's strategic plan are the specific action steps, which outline the various activities the University undertakes to achieve its strategic goals. The University analyzes the action steps under each strategic goal to determine the areas of responsibility, timeframes, required resources, priority order of the action steps, and yearly tasks that help them accomplish the action steps. The University develops annual work plans and work teams (across units) as needed.

The University develops, using the President's Council and the Office of Institutional Research, a limited number of key indicators or benchmarks for each strategic goal. They are measured periodically and the results reported to the University community and posted on the University website. The University requires unit goals and actions to be in harmony with the University strategic goals.

Annual progress reports are provided to University community (e.g., the State of the University address) and the Board of Trustees. The University continues to strive to achieve its goals, reflecting excellence and accountability in the implementation of this plan.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN EXPENSES (UNAUDITED)**  
**For the Year Ended June 30, 2019**

The Statement of Revenues, Expenses and Changes in Net Position is presented on page 18 of the financial audit report. Following are explanations for significant variances exceeding \$300,000 and 10%:

	2019	2018	<u>Increase (Decrease)</u>		Explanation
			Amount	%	
Instruction	\$ 77,405,673	\$ 94,692,935	\$ (17,287,262)	(18%)	The decrease was mainly due to the effects of the negative adjustments in other post-employment benefits as a result of the changes in estimates during the fiscal year.
Research	1,859,514	2,231,263	(371,749)	(17%)	The decrease was mainly due to the decrease in repairs and maintenance and uncapitalizable scientific equipment related to the winding down of Enhancing Career Opportunities in Biomedical and Environmental Health Sciences at an Urban Hispanic Serving Institution program.
Public service	14,173,057	18,025,320	(3,852,263)	(21%)	The decrease was mainly due to the decrease in salaries and subgrants expenses related to the winding down of GEAR UP 4 and 5 in Fiscal Year 2019.
Student services and programs	12,382,743	14,585,087	(2,202,344)	(15%)	The decrease was mainly due to the effects of the negative adjustments in other post-employment benefits as a result of the changes in estimates during the fiscal year.
Auxiliary enterprises	6,686,704	5,371,124	1,315,580	24%	The increase was mainly due to the occupancy contribution commitment paid in relation to the service concession arrangement for student housing.
Loss on disposal/ cancellation of capital assets	94,073	1,595,573	(1,501,500)	(94%)	The decrease was mainly due to the write-off of discontinued construction projects in Fiscal Year 2018.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN REVENUES (UNAUDITED)**  
**For the Year Ended June 30, 2019**

The Statement of Revenues, Expenses and Changes in Net Position is presented on page 18 of the financial audit report. Following are explanations for significant variances exceeding \$300,000 and 10%:

	2019	2018	<b>Increase (Decrease)</b>		<b>Explanation</b>
			<b>Amount</b>	<b>%</b>	
Federal grants and contracts	\$ 17,318,218	\$ 20,802,088	\$ (3,483,870)	(17%)	The decrease was mainly due to the winding down of GEAR UP 4, GEAR UP 5 and Enhancing Career Opportunities in Biomedical and Environmental Health Sciences at an Urban Hispanic Serving Institution federal programs during the fiscal year.
State and local grants	2,182,599	2,568,703	(386,104)	(15%)	The University received a new "No Child Left Behind STEP" award in Fiscal Year 2018 which reported \$853K in revenue. In Fiscal Year 2019, there was no revenue recognized for this award.
State appropriations	33,873,200	50,545,800	(16,672,600)	(33%)	The decrease was due to a lag in State appropriations where the University received \$17.3 million of Fiscal Year 2017 and \$33.2 million of Fiscal Year 2018 appropriations in Fiscal Year 2018. In Fiscal Year 2019, the University received only its current year appropriation.
State special funding situation	31,107,355	56,574,592	(25,467,237)	(45%)	The decrease was mainly to changes in assumptions in the valuation of the University's other postemployment benefits.
Payments on behalf of the University	10,030,000	7,357,000	2,673,000	36%	The increase was due to an increase in health, dental and vision insurance costs during the fiscal year.
State grants - Monetary Award Program (MAP)	8,483,767	17,021,541	(8,537,774)	(50%)	The decrease was due to the change in the revised formula to determine qualified student recipient for MAP grants during the Academic Year (AY) 2018-2019. In addition, the University received approximately \$7.3 million in AY 2016-2017 MAP funding in Fiscal Year 2018 due to budget impasse in prior fiscal year.
Investment income	1,053,590	471,840	581,750	123%	The increase was mainly due to the increase in the level of cash and cash equivalents invested in Illinois Funds resulting from the lag in the State appropriations whereby the University's Fiscal Years 2017 and 2018 appropriations were received in Fiscal Year 2018, higher collections of receivables, and effects of cost cutting measures.
Capital additions provided by State of Illinois	156,197	787,404	(631,207)	(80%)	The decrease was mainly due to the decline in the capital projects funded through the Capital Development Board during the fiscal year.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**ANALYSIS OF SIGNIFICANT LAPSE PERIOD SPENDING (UNAUDITED)**  
**For the Year Ended June 30, 2019**

There were no significant expenditures during the lapse period.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**ANALYSIS OF SIGNIFICANT VARIATIONS IN ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (UNAUDITED)**  
**For the Years Ended June 30, 2019**

The Statement of Net Position is presented on page 16 of the financial audit report. Following are explanations for significant variances exceeding \$300,000 and 10%:

	2019	2018	<b>Increase (Decrease)</b>		<b>Explanation</b>
			<b>Amount</b>	<b>%</b>	
Cash and cash equivalents	\$ 60,268,980	\$ 54,340,252	\$ 5,928,728	11%	The increase was mainly due to higher collections resulting from increased collection efforts on receivables, effects of cost cutting measures implemented across all expenses, and the lag in the receipt of State appropriations in prior years due to the budget impasse.
Accounts receivable, net	15,864,799	18,081,067	(2,216,268)	(12%)	The decrease was mainly due to the winding down of GEAR UP 4 federal program and Supportive Effective Instruction State Grant (No Child Left Behind) passed through grant from the State of Illinois.
Accounts payable and accrued liabilities	8,756,048	10,218,988	(1,462,940)	(14%)	The decrease was mainly due to higher accruals in prior year. In Fiscal Year 2018, the University accrued relocation costs of a tenant in relation to the student housing expansion project, accrued legal fees for an accident that occurred in prior year, and accrual of various expenses in relation to the winding down of GEAR UP 4 grant.
Deferred inflows of resources - Other postemployment benefits	4,985,311	3,805,976	1,179,335	31%	The increase was mainly to changes in assumptions in the valuation of the University's other postemployment benefits.
Net position - Unrestricted	10,506,113	4,536,822	5,969,291	132%	The increase was mainly due to the decrease in expenses brought about by the adjustments made in other postemployment benefits.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**COMPARATIVE SCHEDULE OF CASH AND CASH EQUIVALENTS (UNAUDITED)**  
**For the Years Ended June 30, 2019**

	<b>2019</b>	<b>2018</b>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents are classified as follows:		
Cash and cash equivalents	\$ 60,268,980	\$ 54,340,252
Restricted cash and cash equivalents	<u>3,941,079</u>	<u>4,023,308</u>
Total Cash and Cash Equivalents	<u><u>\$ 64,210,059</u></u>	<u><u>\$ 58,363,560</u></u>
Cash and cash equivalents were held in the following accounts:		
Deposits held at U.S. Bank		
Series 2014-1 Bond Fund	\$ 220,425	\$ 220,425
Series 2014-2 Bond Fund	661,576	658,275
Deposits held at PNC Bank	11,296	13,838
Deposits held at JP Morgan Chase Bank		
University Operating Account	3,727,632	5,244,076
University Operating Investment Account	9,720,662	5,667,050
University Clearing Account	(837,159)	(1,243,106)
University Payroll Account	(247,078)	(236,354)
University Student Refund Account	(321,379)	(222,277)
Student Union Revenue Fund	7	7
Series 2014 Bond - Repair and Replacement Account	1,780,704	1,893,533
Series 2014 Bond - Equipment Reserve	149,973	139,820
Series 2010 COP - Installment Payment Account	561	114
Series 2012 COP - Installment Payment Account	1,758	386
Series 2012 COP - Project Account	61,583	61,187
Series 2015 COP - Installment Payment Account	1,019,775	1,002,900
Series 2015 COP - Cost of Issuance Account	33,421	32,824
Illinois Funds	48,223,002	45,124,162
Petty Cash - all accounts	<u>3,300</u>	<u>6,700</u>
Total Cash and Cash Equivalents	<u><u>\$ 64,210,059</u></u>	<u><u>\$ 58,363,560</u></u>

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**ANALYSIS OF SIGNIFICANT VARIATION IN RECEIVABLES (UNAUDITED)**  
**For the Year Ended June 30, 2019**

Details of receivables (net for allowance for doubtful accounts) and explanations for significant variances exceeding \$300,000 and 10% follow:

	<b>2019</b>	<b>2018</b>	<b>Increase (Decrease)</b>	
			<b>Amount</b>	<b>%</b>
<b>Accounts receivables:</b>				
Student tuition and fees	\$ 10,219,730	\$ 10,505,407	\$ (285,677)	(3%)
Federal, State, and private grants and contracts	4,924,523	6,735,807	(1,811,284)	(27%)
Others	<u>720,546</u>	<u>839,853</u>	<u>(119,307)</u>	<u>(14%)</u>
Subtotal	<u>15,864,799</u>	<u>18,081,067</u>	<u>(2,216,268)</u>	<u>(12%)</u>
Student loans	<u>685,180</u>	<u>851,652</u>	<u>(166,472)</u>	<u>(20%)</u>
<b>Grand total</b>	<b><u>\$ 16,549,979</u></b>	<b><u>\$ 18,932,719</u></b>	<b><u>\$ (2,382,740)</u></b>	<b><u>(13%)</u></b>

The aging of such receivables, by type, as of June 30, 2019, is as follows:

	<b>Current</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>Over 3 years</b>	<b>Total</b>
<b>Student tuition and fees</b>					
Total student tuition and fees	<u>\$ 8,522,872</u>	<u>\$ 3,581,626</u>	<u>\$ 2,983,070</u>	<u>\$ 10,044,368</u>	<u>25,131,936</u>
Allowance for doubtful accounts					<u>(14,912,206)</u>
Student tuition and fees, net					<u>\$ 10,219,730</u>
<b>Federal, State, and private grants and contracts</b>					
	<u>\$ 4,924,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,924,523</u>
<b>Other receivables</b>					
Parking fines	\$ 51,451	\$ 128,795	\$ 61,807	\$ 283,823	\$ 525,876
Library fines	96,096	-	-	-	96,096
Other accruals	<u>677,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>677,396</u>
Total other receivables	<u>\$ 824,943</u>	<u>\$ 128,795</u>	<u>\$ 61,807</u>	<u>\$ 283,823</u>	<u>1,299,368</u>
Allowance for doubtful accounts					<u>(578,822)</u>
Other receivables, net					<u>\$ 720,546</u>
<b>Student loans receivable</b>					
Perkins student loan fund	\$ 357,220	\$ 135,334	\$ 122,018	\$ 619,548	\$ 1,234,120
Emergency student loan	558	965	8,496	64,517	74,536
Others	<u>4,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,809</u>
Total student loans receivable	<u>\$ 362,587</u>	<u>\$ 136,299</u>	<u>\$ 130,514</u>	<u>\$ 684,065</u>	<u>1,313,465</u>
Allowance for doubtful accounts					<u>(628,285)</u>
Student loans receivable, net					<u>\$ 685,180</u>

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**UNIVERSITY EMPLOYMENT AND COST STATISTICS (UNAUDITED)**  
**For the Year Ended June 30, 2019**

**Cost Per Student Credit Hour and Full-Time Equivalent Student**

The following calculations of cost per student credit hour and cost per full-time equivalent student for the years ended June 30, 2019 and 2018, using the formula prescribed by the Illinois Board of Higher Education (ISBE). All credit hours and instructional operating costs paid from State appropriated funds are included.

	Fiscal Year 2019		Fiscal Year 2018	
	Undergraduate	Graduate	Undergraduate	Graduate
Duplicated student headcount (Summer, Fall, Spring)	11,895	3,344	16,217	4,993
Total costs <sup>1</sup>	\$ 64,703,901	\$ 16,808,699	\$ 63,613,688	\$ 16,002,943
Student credit hours	138,804	26,007	154,708	27,331
Full-time equivalent students <sup>2</sup>	4,627	1,084	5,157	1,139
Cost per student credit hour	\$ 466	\$ 646	\$ 411	\$ 585
Cost per full-time equivalent student	\$ 13,984	\$ 15,506	\$ 12,336	\$ 14,053

<sup>1</sup> Total costs are calculated using the ISBE requirements as follows: Total State appropriated costs less organized research, public service, student financial aid, appropriations for the State Universities Retirement System, appropriations for workers' compensation, auxiliary enterprises, and independent operations.

<sup>2</sup> Undergraduate full-time equivalent student is computed as the total number of credit hours divided by 30. Graduate full-time equivalent student is computed as the total number of credit hours divided by 30.

Note: Fiscal Year 2019 amounts are estimates as the amounts are not final when the report is released.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**UNIVERSITY EMPLOYMENT AND COST STATISTICS (UNAUDITED) (continued)**  
**For the Year Ended June 30, 2019**

**Employment Statistics**

The following statistics are from the Integrated Postsecondary Education Data System (IPEDS) Human Resources Survey for years ended June 30, 2019 and 2018.

	Fiscal Year 2019		Fiscal Year 2018	
	Headcount	FTE	Headcount	FTE
Faculty <sup>1</sup>	584	403	579	401
Other Academic Professionals <sup>2</sup>	191	170	200	170
Administration	141	140	161	160
Other Professionals <sup>3</sup>	260	255	248	243
Support Staff	107	106	113	108
Total	1,283	1,074	1,301	1,082

<sup>1</sup> Includes tenure line faculty, instructors, and librarians.

<sup>2</sup> Includes advisors and support staff in confidential offices, e.g., Office of the Provost.

<sup>3</sup> Includes business operations, computer support, engineering, community and social services, legal, entertainment and media, production, transportation, and healthcare.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
EMERGENCY PURCHASES (UNAUDITED)  
For the Year Ended June 30, 2019**

In Fiscal Year 2019, the University initiated an emergency contract with Altorfer Industries, Inc. for \$112,877 for the repair and replacement of a generator barrel which was damaged by a fire. This emergency purchase was required to prevent further loss or damage to University property. The actual contract cost amounted to \$80,000.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
UNIVERSITY BOOKSTORE INFORMATION (UNAUDITED)  
For the Year Ended June 30, 2019**

The summary of University bookstore information for Fiscal Year 2019 is as follows:

Contracted/Rents to Students/University operated:	Contracted
Contractor:	Follett Higher Education Group, Inc.
Contract term:	04/14/2016 - 06/30/2021
Amount of gross sales for bookstore:	\$815,476
Commissions:	\$125,777
Commissions term:	15% of all net revenue up to \$2,100,000; plus 16% of any part of net revenue over \$2,100,000
Guaranteed commission for fiscal year:	\$125,777
Guaranteed annual commission:	90% of the calculated commission on net revenue of the immediately preceding year

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES**  
**(UNAUDITED)**  
**For the Year Ended June 30, 2019**

In accordance with an Office of the Auditor General, July 25, 2000, memorandum entitled “Matters Regarding University Audits” (Memorandum), certain supplemental data is required to be reported for University audits. The table below cross references the memorandum requirements (indicated by number and letter paragraph references) to the University financial statements and audit reports for the year ended June 30, 2019, where such special data is found.

**Compliance Findings**

- 13(a) There were no violations of compliance requirements of the University Guidelines identified for the year ended June 30, 2019.

**Indirect Cost Reimbursements**

- 13(b) A statement of the sources and applications of indirect cost reimbursements is included on page 70 of this report.
- 13(c) The University’s calculation sheet for indirect cost carry-forward is included in this report on page 87.

**Tuition Charges and Fees**

- 13(d) No instances of tuition being diverted to auxiliary enterprise operations were noted.

**Auxiliary Enterprises, Activities and Accounting Entities**

- 13(e) Identification of each specific accounting entity and a description of each entity’s sources of revenue and purpose are presented in this report on page 89.
- 13(f) Accounting entity financial statements are presented on pages 90 and 91 of this report. These entities financial statements should be read in conjunction with the University’s audited financial statements for the year ended June 30, 2019.
- 13(g) The University’s calculation sheet for current excess funds is presented in this report on page 88. The excess funds were deposited to the income fund within 45 days after the end of the lapse period.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES**  
**(UNAUDITED) (continued)**  
**For the Year Ended June 30, 2019**

Auxiliary Enterprises, Activities and Accounting Entities (Continued)

- 13(h) Support received by Auxiliary Enterprises from State appropriated funds for retirement and group insurance benefits amounted to approximately \$1,010,101 and \$215,431, respectively, for the year ended June 30, 2019. These amounts of supports were estimated by University management.
- 13(i) A Statement of Revenues, Expenses, and Changes in Net Position for the bond indenture required accounts is presented in Note 17 of the June 30, 2019 financial statements.
- 13(j) The revenue bond fund accounting conforms to the terms of the bond issue, including all covenants thereto.
- 13(k) The University does not currently have any non-instructional reserves established by the University's Board of Trustees.

University Related Organizations

- 13(l) The University recognizes the Northeastern Illinois University Foundation (the "Foundation") as University related organization. The University has designated no organization as "Independent Organizations" as defined in Section VII of the University Guidelines.
- 13(m) The Foundation does not pay the University for services provided. Compensation is in the form of University support. See page 93 of this report for details related to services and support provided.
- 13(n) The University does not pay the Foundation for services provided. Compensation is in the form of services and facilities provided. See Note 11 of the June 30, 2019 financial statements for details related to services and support provided.
- 13(o) At June 30, 2019, there was no unreimbursed subsidies to the Foundation from the University or appropriated funds.
- 13(p) There is no debt financing provided by the Foundation.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**UNIVERSITY REPORTING IN ACCORDANCE WITH UNIVERSITY GUIDELINES**  
**(UNAUDITED) (continued)**  
**For the Year Ended June 30, 2019**

Other Topics

- 13(q) Schedules of cash and cash equivalents held by the University are presented in the Comparative Schedule of Cash and Cash Equivalents on page 78 of this report, and in Note 2 of the June 30, 2019 financial statements.
- 13(r) Income from the investment of pooled funds is credited to the University's Income Fund. Income from the investment of non-pooled funds is credited to the fund making the investment.
- 13(s) Costs per full-time equivalent student are presented on page 80 of this report.
- 13(t) The University did not purchase any real estate with an acquisition costs in excess of \$250,000 that was not funded by a separate, specific appropriation from the General Assembly.
- 13(u) The University's certificates of participation are presented in Note 9 of the June 30, 2019 financial statements.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDEULE OF INDIRECT COST FUNDS TO BE DEPOSITED INTO THE UNIVERSITY**  
**INCOME FUND AS REQUIRED BY THE 1982 UNIVERSITY GUIDELINES**  
**(AMENDED 1997) (UNAUDITED)**  
**For the Year Ended June 30, 2019**

1. Cash and cash equivalents balance:

Cash and cash equivalents	<u>\$ 943,147</u>
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2. Allocated reimbursements:

Indirect cost reimbursements allocated for expenditure for the fiscal year completed: (\$2,604,001 @ 30%)	781,200
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3. Unallocated reimbursements:

Lesser of actual unallocated indirect cost reimbursements for the year completed OR 10% of total indirect cost allocations for the year completed	260,400
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4. Encumbrances and current liabilities paid in the lapse period:

Current liabilities and encumbrances	<u>391,965</u>
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5. Indirect cost carry-forward

	<u>1,433,565</u>
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**EXCESS CASH TO BE DEPOSITED TO THE UNIVERSITY**

<b>INCOME FUND</b>	<u>\$ (490,418)</u>
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**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF EXCESS FUNDS CALCULATION BY ENTITY AS REQUIRED BY THE 1982 UNIVERSITY GUIDELINES**  
**(AMENDED 1997) (UNAUDITED)**  
**For the Year Ended June 30, 2019**

	Activities						Auxiliary Enterprises				
	Student Fee Programs	Public Service Activities	Student and Staff Services	Service Departments	Other Educational Services	Educational Contracts	Revenue Bonds	Parking Lot Administration	Total Revenue Bonds	Other Auxiliary Enterprises	
							Student Union				
<b>1. Current Available Funds:</b>											
Cash	A.	\$ 4,708,456	\$ 530,417	\$ 1,542,308	\$ 2,413,384	\$ 76,595	\$ 342,967	\$ 567,518	\$ 890,236	\$ 1,457,754	\$ 306,278
<b>2. Working capital allowance:</b>											
Highest month's expenditures		1,116,042	106,495	292,224	484,598	42,388	152,210	598,523	255,461	853,984	155,711
Current liabilities		413,039	24,440	128,738	405,053	24,247	20,835	181,990	59,814	241,804	78,861
Deferred income		171,225	-	-	-	-	-	29,139	33,859	62,998	-
Refundable deposits		-	-	-	62,737	-	-	-	-	-	24,974
Encumbrances		555,053	18,403	94,280	196,440	16,014	27,836	57,355	6,972	64,327	26,554
Total working capital allowance	B.	\$ 2,255,359	\$ 149,338	\$ 515,242	\$ 1,148,828	\$ 82,649	\$ 200,881	\$ 867,007	\$ 356,106	\$ 1,223,113	\$ 286,100
<b>3. Current Excess Funds:</b>											
Deduct B from A	C.	2,453,097	381,079	1,027,066	1,264,556	(6,054)	142,086			234,641	20,178
<b>4. Calculation of Income Fund Remittance</b>											
An entity may offset excess capital or current funds within the entity.											
Enter the amount to be offset:											
Allowable capital reserves (see below)	D.	\$ 5,063,825	\$ 377,034	\$ 1,356,550	\$ 1,592,230		\$ 238,791			\$ 555,729	\$ 40,053
Enter the algebraic sum of C and D and remit the amount due, if any, for deposit remit in the Income Fund											
		\$ (2,610,728)	\$ 4,045	\$ (329,484)	\$ (327,674)		\$ (96,705)			\$ (321,088)	\$ (19,875)
<b>Excess Funds Offset</b>											
Allowable capital reserves		\$ 6,057,341	\$ 711,853	\$ 1,426,557	\$ 4,930,947		\$ 279,618			\$ 2,464,754 *	\$ 641,820
Actual capital reserves		993,516	334,819	70,007	3,338,717		40,827			1,909,025	601,767
Total Excess Funds Offset		\$ 5,063,825	\$ 377,034	\$ 1,356,550	\$ 1,592,230		\$ 238,791			\$ 555,729	\$ 40,053

\* This represents allowable capital reserves as required by the provisions of the University Revenue Bonds Facilities System bond resolution.

**STATE OF ILLINOIS  
NORTHEASTERN ILLINOIS UNIVERSITY  
DESCRIPTION OF ACTIVITIES AND ACCOUNTING ENTITIES (UNAUDITED)  
For the Year Ended June 30, 2019**

Accounting entities as defined by the 1982 (Amended 1997) Legislative Audit Commission Guidelines and their primary revenue sources are as follows:

**Activities**

*Student Fee Programs* are organized student activities funded primarily by student fees.

*Indirect Costs* are accounts for indirect cost reimbursements received for University grants and contracts.

*Public Service Activities* are noncredit conferences, seminars, short courses, and other services offered to the public for a fee. The primary revenue source is the fee charged to participants.

*Student and Staff Services* are services offered at a charge to University staff and students.

*Service Departments* provide products or services to organizational units within the University. Charges for services provide the revenue.

*Other Educational Services* are activities related to the educational process which incidentally generate products or services made available to the public for a charge.

*Educational Contracts* are courses for credit which are presented by, and have the course content coordinated with, a government unit, community organization, or private business.

**Auxiliary Enterprises**

*Student Union* is an operation financed by revenue bonds with principal operations, including food service, conference and assembly space, student card services, information services, vending machines, and bookstore.

*Parking Lot Administration* provides the operation, maintenance, and development of the University parking facilities. Revenues come from charges for parking and fines.

*Other Auxiliary Enterprises* includes self-supporting activity of child care.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**BALANCE SHEETS - OTHER ENTITIES AND AUXILIARY ENTERPRISES (UNAUDITED)**  
**For the Year Ended June 30, 2019**

	Activities							Auxiliary Enterprises				
	Student Fee Programs	Indirect Cost	Public Service Activities	Student and Staff Services	Service Departments	Other Educational Services	Educational Contracts	Revenue Bonds		Parking Lot Administration		Other Auxiliary Enterprises
								Student Union	Parking Lot Administration	Total Revenue Bonds		
Assets												
Current Fund Assets												
Cash and cash equivalents	\$ 4,708,456	\$ 943,147	\$ 530,417	\$ 1,542,308	\$ 2,413,384	\$ 76,595	\$ 342,967	\$ 468,136	\$ 890,236	\$ 1,358,372	\$ 306,278	
Accounts receivable - net	685,561	-	-	20,552	-	-	-	153,670	137,124	290,794	-	
Prepaid expenses	609,870	55,322	-	5,700	4,672	2,167	-	1,288	-	1,288	-	
Inventories and other assets	35,665	-	-	-	11,599	-	-	467	-	467	-	
Total	6,039,552	998,469	530,417	1,568,560	2,429,655	78,762	342,967	623,561	1,027,360	1,650,921	306,278	
Plant Fund Assets												
Cash and cash equivalents	993,516	-	334,819	70,007	3,422,334	66,256	40,827	2,030,060	882,000	2,912,060	601,767	
Land and land improvements	844,992	-	62,885	195,625	350,912	14,921	34,878	1,127,593	-	1,127,593	96,648	
Buildings and construction in progress	12,947,016	-	963,533	2,997,371	5,376,695	228,619	534,398	3,450,297	10,616,292	14,066,589	1,480,842	
Equipment	3,039,572	-	1,531,498	824,783	13,339,420	1,918,134	273,447	17,733	23,414	41,147	92,648	
Total	17,825,096	-	2,892,735	4,087,786	22,489,361	2,227,930	883,550	6,625,683	11,521,706	18,147,389	2,271,905	
Total assets	23,864,648	998,469	3,423,152	5,656,346	24,919,016	2,306,692	1,226,517	7,249,244	12,549,066	19,798,310	2,578,183	
Liabilities												
Current Fund Liabilities												
Accounts payable and accrued liabilities	449,590	244,755	24,440	128,738	539,920	24,247	20,835	203,643	341,814	545,457	103,835	
Unearned revenues	171,225	114	-	-	-	-	-	29,138	33,860	62,998	-	
Total	620,815	244,869	24,440	128,738	539,920	24,247	20,835	232,781	375,674	608,455	103,835	
Plant Fund Liabilities												
Accounts payable and accrued liabilities	-	-	-	-	83,616	-	-	-	631,286	631,286	-	
Revenue bonds payable	-	-	-	-	-	-	-	-	13,728,638	13,728,638	-	
Total	-	-	-	-	83,616	-	-	-	14,359,924	14,359,924	-	
Total liabilities	620,815	244,869	24,440	128,738	623,536	24,247	20,835	232,781	14,735,598	14,968,379	103,835	
Fund balance (deficit)												
Investment in plant	16,831,580	-	2,557,916	4,017,779	19,067,027	2,161,674	842,723	4,595,623	(3,720,218)	875,405	1,670,138	
Reserves - Plant	993,516	-	334,819	70,007	3,338,718	66,256	40,827	1,909,025	600,000	2,509,025	601,767	
Unrestricted	5,418,737	753,600	505,977	1,439,822	1,889,735	54,515	322,132	511,815	933,686	1,445,501	202,443	
Total fund balance (deficit)	23,243,833	753,600	3,398,712	5,527,608	24,295,480	2,282,445	1,205,682	7,016,463	(2,186,532)	4,829,931	2,474,348	
Total liabilities and fund balance	\$ 23,864,648	\$ 998,469	\$ 3,423,152	\$ 5,656,346	\$ 24,919,016	\$ 2,306,692	\$ 1,226,517	\$ 7,249,244	\$ 12,549,066	\$ 19,798,310	\$ 2,578,183	

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - OTHER ENTITIES AND**  
**AUXILIARY ENTERPRISES (UNAUDITED)**  
**For the Year Ended June 30, 2019**

	Activities							Auxiliary Enterprises				
	Student Fee Programs	Indirect Cost	Public Service Activities	Student and Staff Services	Service Departments	Other Educational Services	Educational Contracts	Student Union	Revenue Bonds Administration	Parking Lot	Total Revenue Bonds	Other Auxiliary Enterprises
<b>OPERATING REVENUES</b>												
Student tuition and fees	\$ 9,038,400	\$ 377,602	\$ -	\$ 312,089	\$ -	\$ -	\$ 22,321	\$ 932,222	\$ 631,910	\$ 1,564,132	\$ -	
Federal grants and contracts	-	1,245,138	-	-	-	-	-	-	-	-	-	-
State and local grants	-	83,810	-	-	-	-	-	-	-	-	-	-
Nongovernmental grants and contracts	-	62,501	-	-	-	-	328,738	-	-	-	-	-
Auxiliary enterprises	-	187,492	558	-	-	-	-	201,905	1,496,314	1,698,219	910,949	
Other operating revenues	60,585	470,685	413,196	3,273,938	140,636	-	-	-	181	181	-	
Total operating revenues	9,098,985	1,956,543	471,243	725,285	3,273,938	140,636	351,059	1,134,127	2,128,405	3,262,532	910,949	
<b>OPERATING EXPENSES</b>												
Personal services, retirement, social security and group insurance	1,605,361	615,910	118,491	226,980	251,363	33,773	288,511	617,400	554,043	1,171,443	656,226	
Contractual services	4,010,962	1,251,646	289,619	604,791	2,247,114	128,978	27,988	633,465	252,033	885,498	33,038	
Travel	16,780	91,664	2,719	10,876	748	13,030	2,622	1,864	-	1,864	-	
Commodities	186,290	136,551	39,414	162,869	147,549	35,033	2,235	12,824	36,349	49,173	57,220	
Equipment	369,116	120,592	3,054	27,580	9,570	15,945	18,280	26,552	24,612	51,164	-	
Telecommunications	14,487	8,749	-	25,467	40,712	-	-	4,776	8,082	12,858	480	
Operation of automotive equipment	-	-	-	1,356	7,515	-	-	1,674	1,478	3,152	-	
Awards and grants	3,680	2,250	-	5,434	-	-	(6,533)	-	-	-	-	
Permanent improvements	133,192	7,200	-	17,500	56,406	-	-	-	-	-	-	
Depreciation	-	-	-	-	-	-	-	352,310	392,898	745,208	-	
Total operating expenses	6,339,868	2,234,562	453,297	1,082,853	2,760,977	226,759	333,103	1,650,865	1,269,495	2,920,360	746,964	
Operating income (loss)	2,759,117	(278,019)	17,946	(357,568)	512,961	(86,123)	17,956	(516,738)	858,910	342,172	163,985	
<b>NONOPERATING REVENUES (EXPENSES)</b>												
Investment income	-	-	-	-	-	-	-	3,519	-	3,519	-	
Interest on indebtedness	-	-	-	-	-	-	-	-	(564,000)	(564,000)	-	
Net nonoperating revenues (expenses)	-	-	-	-	-	-	-	3,519	(564,000)	(560,481)	-	
<b>INCREASE (DECREASE) IN FUND BALANCE</b>	<b>2,759,117</b>	<b>(278,019)</b>	<b>17,946</b>	<b>(357,568)</b>	<b>512,961</b>	<b>(86,123)</b>	<b>17,956</b>	<b>(513,219)</b>	<b>294,910</b>	<b>(218,309)</b>	<b>163,985</b>	
<b>TRANSFERS IN (OUT) OTHER FUNDS</b>	<b>(1,943,554)</b>	<b>(751,116)</b>	<b>(4,818,209)</b>	<b>3,346,354</b>	<b>12,290,512</b>	<b>(6,694,380)</b>	<b>(1,131,328)</b>	<b>67,827</b>	<b>(299,862)</b>	<b>(232,035)</b>	<b>(2,352,114)</b>	
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES AND TRANSFERS</b>	<b>815,563</b>	<b>(1,029,135)</b>	<b>(4,800,263)</b>	<b>2,988,786</b>	<b>12,803,473</b>	<b>(6,780,503)</b>	<b>(1,113,372)</b>	<b>(445,392)</b>	<b>(4,952)</b>	<b>(450,344)</b>	<b>(2,188,129)</b>	
<b>FUND BALANCE (DEFICIT), BEGINNING OF YEAR</b>	<b>22,428,270</b>	<b>1,782,735</b>	<b>8,198,975</b>	<b>2,538,822</b>	<b>11,492,007</b>	<b>9,062,948</b>	<b>2,319,054</b>	<b>7,461,855</b>	<b>(2,181,580)</b>	<b>5,280,275</b>	<b>4,662,477</b>	
<b>FUND BALANCE (DEFICIT), END OF YEAR</b>	<b>\$ 23,243,833</b>	<b>\$ 753,600</b>	<b>\$ 3,398,712</b>	<b>\$ 5,527,608</b>	<b>\$ 24,295,480</b>	<b>\$ 2,282,445</b>	<b>\$ 1,205,682</b>	<b>\$ 7,016,463</b>	<b>\$ (2,186,532)</b>	<b>\$ 4,829,931</b>	<b>\$ 2,474,348</b>	

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SCHEDULE OF TUITION AND FEE WAIVERS (UNAUDITED)**  
**For the Year Ended June 30, 2019**

	Undergraduate					Graduate				
	Tuition Waivers		Fee Waivers			Tuition Waivers		Fee Waivers		
	Number of Recipients (unduplicated)	Number of Recipients (unduplicated)	Value of Waivers (in thousands)	Number of Recipients	Value of Waivers (in thousands)	Number of Recipients (unduplicated)	Number of Recipients (unduplicated)	Value of Waivers (in thousands)	Number of Recipients	Value of Waivers (in thousands)
<b>Mandatory Waivers</b>										
Teacher Special Education	4	4	\$ 38.0	4	\$ 2.9	21	21	\$ 117.8	21	\$ 6.8
Reserve Officer's Training Corps	5	5	51.5	5	3.9	2	2	13.0	2	0.8
Department of Children and Family Services	14	14	99.9	14	7.6	-	-	-	-	-
Children of Employees	28	28	93.7	-	-	-	-	-	-	-
Senior Citizens	7	7	18.0	-	-	-	-	-	-	-
Veterans Grants and Scholarships	124	124	702.4	124	53.7	36	36	157.5	36	9.1
	182	182	1,003.5	147	68.1	59	59	288.3	59	16.7
<b>Discretionary Waivers</b>										
Faculty/Administrators	-	-	-	-	-	43	43	132.7	43	7.7
Civil Service	23	23	93.3	23	7.1	63	63	233.5	63	13.5
Academic/Other Talent	428	428	948.0	-	-	175	175	241.9	-	-
Foreign Exchange Students	57	57	708.0	57	54.1	9	9	93.9	9	5.4
Student Need-Financial Aid	72	72	129.5	-	-	20	20	24.2	-	-
Cooperating Professionals	6	6	7.1	-	-	32	32	54.5	-	-
Research Assistants	-	-	-	-	-	12	12	31.1	12	1.8
Teaching Assistants	-	-	-	-	-	48	48	240.1	48	13.9
Other Assistants	-	-	-	-	-	62	62	367.8	62	21.3
Interinstitutional/Related Agencies	33	33	136.8	33	10.5	22	22	101.1	22	5.9
Contract/Training Grants	-	-	-	-	-	34	34	198.2	34	11.5
	616 *	619	2,022.7	113	71.7	478 *	520	1,719.0	293	81.0
Total	798	801	\$ 3,026.2	260	\$ 139.8	537	579	\$ 2,007.3	352	\$ 97.7

\* Each recipient is only counted once in each category total even if they receive multiple different program waivers in the same category. The count totals only count the recipient one time so these numbers may not total.

Tuition and Fee Waiver Report submitted to the Illinois Board of Higher Education (IBHE) covers data for Academic Year 2018-2019.

**STATE OF ILLINOIS**  
**NORTHEASTERN ILLINOIS UNIVERSITY**  
**SUMMARY OF FOUNDATION PAYMENTS TO THE UNIVERSITY (UNAUDITED)**  
**For the Year Ended June 30, 2019**

During Fiscal Year June 30, 2019, the University engaged the Foundation, under contract, to provide fundraising services. As provided in the contract agreement, the University advanced \$0 in funds and provided an additional \$688,739 of services to the Foundation. As required by the contract, the Foundation repaid the University, using funds considered unrestricted for purposes of the University Guidelines computations. In addition, the Foundation gave the University non-qualifying restricted funds. Presented below is a summary of all funds that the Foundation gave to the University during the audit period:

Funds considered unrestricted for purposes of the University Guidelines computations:	
Restricted only as to campus, college, or department and generally available for ongoing University operations:	
Given to specific departments	\$                         —
Funds considered restricted for purposes of the Guidelines computations:	
Given for scholarships, grants, and awards	<u>                          1,063,691</u>
Total funds provided to the University by the Foundation	1,063,691
The Foundation also provided fundraising activities for the University. The value of the activities on a time and material basis were:	
Fundraising and special events expenses	<u>                          —</u>
Total financial and service support	<u>                          \$       1,063,691</u>