



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

William G. Holland, Auditor General

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**SUMMARY REPORT DIGEST**

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**NORTHERN ILLINOIS UNIVERSITY**

**COMPLIANCE AND SINGLE AUDIT  
For the Year Ended: June 30, 2012**

**Release Date: March 28, 2013**

**Summary of Findings this Audit Cycle:**

- **Compliance** **8**
- **Financial Audit (previously reported 2-6-13)** **1**

**Total findings:** **9**  
**Total last audit:** **5**  
**Repeated from last audit:** **4**

**INTRODUCTION**

The Financial Audit for the year ended June 30, 2012 was previously released on February 6, 2013. That audit contained one finding. This report addresses Federal and State compliance findings pertaining to the Single Audit and State Compliance Examination. In total, this report contains 9 findings, 1 of which was also reported in the Financial Audit.

**SYNOPSIS**

- Northern Illinois University's Math and Science Partnership grants had monthly cash balances exceeding the average monthly expenditures.
- Northern Illinois University did not submit its 2011 data collection form and single audit reporting package to the Federal Audit Clearinghouse by March 31, 2012.
- Northern Illinois University executed certain contracts that did not contain all required certifications.

{Expenditures and Activity Measures are summarized on the reverse page.}

**NORTHERN ILLINOIS UNIVERSITY**  
**COMPLIANCE EXAMINATION AND SINGLE AUDIT**  
**For The Year Ended June 30, 2012**

| <b>COMPARATIVE SCHEDULE OF INCOME<br/>FUND REVENUES AND EXPENDITURES<br/>(Amounts in Thousands)</b> | <b>FY 2012</b> | <b>FY 2011</b> |
|---|----------------|----------------|
| <b>INCOME FUND REVENUES</b>   |                |                |
| Tuition, net of waivers.....  | \$ 144,196     | \$ 141,035     |
| Material fees.....  | 7,454          | 7,412          |
| Other.....  | 1,614          | 1,393          |
| Total Revenues.....   | \$ 153,264     | \$ 149,840     |
| <b>INCOME FUND EXPENDITURES</b>   |                |                |
| Personal services.....  | \$ 82,721      | \$ 79,913      |
| Contractual services.....   | 28,430         | 29,949         |
| Equipment and library books.....  | 9,635          | 8,226          |
| Awards, grants, and matching funds.....   | 10,426         | 4,624          |
| FICA/Medicare.....  | 2,273          | 2,151          |
| Commodities.....  | 2,354          | 2,065          |
| Capital repairs and permanent improvements...   | 884            | 1,575          |
| Telecommunications.....   | 1,392          | 1,360          |
| CMS health insurance.....   | 1,204          | 1,204          |
| Travel.....   | 1,253          | 1,123          |
| Automotive.....   | 522            | 463            |
| Unemployment compensation benefits.....   | 76             | 96             |
| Total Expenditures.....   | \$ 141,170     | \$ 132,749     |

| <b>EMPLOYMENT STATISTICS (UNAUDITED)</b> | <b>FY 2012</b> | <b>FY 2011</b> |
|--|----------------|----------------|
| Faculty and Administrative.....          | 2,242          | 2,244          |
| Civil Service.....                       | 1,457          | 1,459          |
| Student Employees.....                   | 520            | 514            |
| Miscellaneous contracts.....             | 179            | 188            |
| Total Employees.....                     | 4,398          | 4,405          |

| <b>ENROLLMENT STATISTICS (UNAUDITED)</b> | <b>FY 2012</b> | <b>FY 2011</b> |
|--|----------------|----------------|
| Fall term enrollment.....                | 19,030         | 19,679         |

| <b>PRESIDENT</b>                              |
|---|
| During Examination Period: Dr. John G. Peters |
| Currently: Dr. John G. Peters                 |

**FINDINGS, CONCLUSIONS, AND**  
**RECOMMENDATIONS**

**INADEQUATE CASH MANAGEMENT PROCEDURES**

Northern Illinois University (University) maintained excess Federal Funds.

**Excessive cash balances**

The University's Math and Science Partnerships (MSP) grants had monthly cash balances which exceeded the subsequent month's expenditures for 23 of the 24 months tested for the four grants received during the fiscal year ended June 30, 2012.

**Monthly average excess cash of  
\$38,248**

The University received four MSP grants during fiscal year 2012 as a pass through from the Illinois State Board of Education (ISBE). We tested the federal cash management compliance for all months pertaining to the four MSP grants with grant periods ending in calendar 2011 and determined that ending monthly fund balances exceeded expenditures for the following month by an average of \$38,248 for 23 of the 24 months tested.

Office of Management and Budget (OMB) Circular A-110, and 34 Code of Federal Regulations (CFR) 74.22 (b) require recipients that are paid in advance to maintain:

**Cash advances limited to minimum  
amounts needed for immediate cash  
requirements**

(1) Written procedures that minimize the time elapsing between the transfer of funds and disbursement to the recipient.

(2) Cash advances to a recipient organization are limited to the minimum amounts needed and be timed in accordance with actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project.

(3) The timing and amount of cash advances are as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

University officials stated that they became aware of this issue during last year's compliance audit and immediately corrected the process to ensure compliance. The reported findings are for the period of the fiscal year prior to the date the University became aware of the condition. (Finding 2, pages 16-17)

We recommended that the University closely monitor the controls put in place during fiscal year 2012 to ensure continued compliance.

**University officials agree with auditors**

University officials agreed with our recommendation.

#### **DATA COLLECTION FORM AND SINGLE AUDIT REPORTING PACKAGE NOT SUBMITTED TIMELY**

The University did not submit its 2011 data collection form and single audit reporting package to the Federal Audit Clearinghouse within the required time frame.

**Filing submitted after Federal due date**

The data collection form and single audit reporting package were required to be submitted within 9 months of year end (March 31, 2012), but were not submitted until June 13, 2012. (Finding 3, page 18)

We recommended the University submit future data collection forms and single audit reporting packages within the required time frame.

**University officials agree with auditors**

University officials agreed with our recommendation.

#### **MISSING CONTRACT CERTIFICATIONS**

The University executed certain contracts that did not contain all required certifications.

Some of the issues noted during our review of 35 contracts follow:

**Some certifications were missing**

- 3 contracts did not include the Child Labor Act certification.
- 2 contracts did not include the Forced Labor Act certification.
- 4 contracts did not include the Steel Production Procurement Act certification.
- 4 contracts did not include the Domestic Products certification. (Finding 7, page 23)

We recommended that the University implement appropriate procedures to ensure contracts include all necessary signatures, clauses, and certifications.

**University officials agree with auditors**

University officials agreed with the recommendation.

## **OTHER FINDINGS**

The remaining findings are reportedly being given attention by the University. We will review the University's progress towards the implementation of our recommendations in our next engagement.

## **AUDITORS' OPINION**

The auditors conducted a State compliance examination and federal Single audit of the University for the year ended June 30, 2012. A financial audit covering the year ended June 30, 2012 was issued separately.



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WILLIAM G. HOLLAND  
Auditor General

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## **AUDITORS ASSIGNED**

Our special assistant auditors for this engagement were McGladrey LLP.