



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 One Year Ended: June 30, 2010**

**Release Date: March 30, 2011**

**Summary of Findings this Audit Cycle:**

• Compliance and Single Audit	5
• Financial Audit (previously reported 12-16-10)	0
<b>TOTAL findings:</b>	<b>5</b>
<b>Summary of findings from previous audit cycle:</b>	<b>6</b>
<b>Repeated from last audit:</b>	<b>3</b>

**INTRODUCTION**

The Financial Statement Audit for the year ended June 30, 2010 was previously released on December 16, 2010. That audit contained no findings. This report addresses Federal and State compliance findings pertaining to the Single Audit and State Compliance Examination. In total, this report contains 5 findings, none of which were also reported in the Financial Audit.

**SYNOPSIS**

- The University had not assured an adequately developed and tested disaster contingency plan existed to recover its critical computer systems.
- The University made a \$93,050 emergency purchase for media advertising that did not meet the criteria for the emergency purchase exception allowed under the Illinois Procurement Code.

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

**NORTHERN ILLINOIS UNIVERSITY**  
**COMPLIANCE EXAMINATION AND SINGLE AUDIT**  
**For The Year Ended June 30, 2010**

<b>COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENDITURES (Amounts in Thousands)</b>	<b>FY 2010</b>	<b>FY 2009</b>
<b>INCOME FUND REVENUES</b>		
Tuition, net of waivers.....	\$ 130,826	\$ 118,392
Material fees.....	7,210	5,916
Other.....	759	\$ 1,756
Total Revenues.....	\$ 138,795	\$ 126,064
<b>INCOME FUND EXPENDITURES</b>		
Personal services.....	\$ 71,751	\$ 75,785
Contractual services.....	23,290	26,044
Equipment and library books.....	10,773	2,382
Car repairs and permanent improvements.....	5,200	13,644
Awards, grants, and matching funds.....	2,280	2,811
Commodities.....	2,176	1,929
FCIA/Medicare.....	2,094	2,057
Telecommunications.....	1,329	1,175
CMS health insurance.....	1,204	1,262
Travel.....	939	1,057
Automotive.....	445	261
Unemployment compensation benefits.....	125	75
Total Expenditures.....	\$ 121,606	\$ 128,482

<b>EMPLOYMENT STATISTICS</b>	<b>FY 2010</b>	<b>FY 2009</b>
Faculty and Administrative.....	2,239	2,252
Civil Service.....	1,470	1,482
Student Employees.....	527	482
Miscellaneous contracts.....	191	187
Total Employees.....	4,427	4,403
<b>ENROLLMENT STATISTICS (UNAUDITED)</b>	<b>FY 2010</b>	<b>FY 2009</b>
Fall term enrollment.....	20,105	20,110
<b>COST PER STUDENT (UNAUDITED)</b>	<b>FY 2009</b>	<b>FY 2008</b>
Cost per full time equivalent student.....	\$ 4,837	\$ 4,770

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

## FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

### **DISASTER RECOVERY PLAN NEEDS IMPROVEMENT**

The University had not assured an adequately developed and tested disaster contingency plan existed to recover its critical systems.

The University had over \$23.5 million invested in computer software and hardware. Many of the University's systems, such as financial aid, student records, accounting and human resources records, are critical to its daily operations and functions and reside on the University's mainframe system. The University was in the process of migrating the mainframe-based systems to the new client server platform. However, at the time of our review, the University was still relying heavily on some components of the mainframe-based system, including reliance on the mainframe for admissions, student records, student financials and student financial aid processing.

**The University is relying heavily on components of the mainframe-based system**

During our review of the University's contingency planning efforts, we found:

- The University was redeveloping its disaster recovery/business continuity plan to appropriately reflect its current operating environment.
- The last disaster recovery test was performed before the University started migrating to the client server platform. A comprehensive test had never been performed.
- Off-site backups were maintained. However, the proximity of the offsite backup location to the primary computer room was not adequate.
- An alternative recovery location was established; however, the facility was a cold site and had never been tested.

**A comprehensive disaster recovery test had never been performed**

**Proximity of offsite backup location to primary computer room is not adequate**

**Recovery testing put on hold**

University personnel stated contingency planning efforts were focused on enhancing the existing alternate recovery site to provide dual data centers for recovery purposes. Recovery testing was put on hold whereas the disaster recovery and business continuity plan have not

yet been finalized. (Finding 2, pages 21-22).

We recommend the University update its disaster contingency plan to reflect the current operating environment.

**University agrees with auditors**

The University agreed with our recommendation and stated the contingency plan will be completed, tested and backup data will be moved further away from the primary site. The Plan will be updated as backup and duplicated hardware systems are scheduled to be installed during the 1st half of 2011. This installation process will include testing.

**Media advertising purchased using the emergency purchase exception**

**INAPPROPRIATE EMERGENCY PURCHASE**

The University made a \$93,050 emergency purchase for media advertising that did not meet the criteria for the emergency purchase exception allowed under the Illinois Procurement Code.

During our examination, we noted the University purchased \$93,050 of media advertising under the emergency purchase exception of the Illinois Procurement Code in an effort to boost declining enrollment for the spring 2010 semester.

**University officials stated that unprecedented economic conditions made it necessary to market the University**

University officials stated the unprecedented economic conditions of the State made it necessary to aggressively market the University in order to maintain current student enrollment levels. In the opinion of the University's Procurement Services, Legal Counsel, the transaction was processed "to prevent or minimize serious disruptions in State services". (Finding 3, pages 23-24)

We recommended the University reevaluate its use of the emergency purchase exception of the Illinois Procurement Code to properly identify purchases which qualify as emergency purchases.

**University disagrees with auditors**

The University disagreed with the finding and stated that in addition to the internal review described above, the transaction was reviewed by the State's Procurement Policy Board and the Office of the Auditor General. No feedback was received by the University that suggested this transaction was unacceptable or not in compliance with Illinois Procurement Code.

**Auditors' comment**

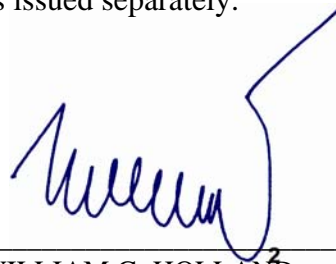
Auditors' commented that while the Illinois Procurement Code requires agencies to file a copy of emergency purchase affidavits with the Office of the Auditor General, the Office of the Auditor General has no authority or requirement to authorize or pre-approve emergency purchases made by State agencies including the University. Auditors believe that the University purchase of media advertising failed to meet the criteria of preventing or minimizing serious disruption in State services and purchases of media advertising should be competitively procured in accordance with the Illinois Procurement Code.

**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 audit.

**AUDITORS' OPINION**

The auditors conducted a compliance examination and Single audit of the University for the year ended June 30, 2010. A financial audit covering the year ended June 30, 2010 was issued separately.

A handwritten signature in blue ink, appearing to read 'William G. Holland', is written over a horizontal line. The signature is stylized and includes a long, sweeping flourish that extends upwards and to the right.

WILLIAM G. HOLLAND  
Auditor General

WGH:jaf:pp

AUDITORS ASSIGNED: Our special assistant auditors for this examination were Clifton Gunderson LLP.