



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

NORTHERN ILLINOIS UNIVERSITY

Single Audit and State Compliance Examination
For the Year Ended June 30, 2019

Release Date: April 8, 2020

FINDINGS THIS AUDIT: 12	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	0	0	2018		19-5, 19-6, 19-7, 19-10	
Category 2:	3	9	12	2017		19-1, 19-12	
Category 3:	0	0	0	2015		19-11	
TOTAL	3	9	12	2012		19-3	
FINDINGS LAST AUDIT: 13				2005		19-4	

INTRODUCTION

This digest covers our federal Single Audit and Compliance Examination of Northern Illinois University for the year ended June 30, 2019. A separate Financial Audit as of and for the year ended June 30, 2019, was previously released on February 11, 2020. In total, this report contains 12 findings, none of which were reported in the Financial Audit.

SYNOPSIS

- (19-3) The University has not established adequate internal controls over contracts to ensure they are approved prior to performance and comply with all applicable State requirements.
- (19-5) The University did not have adequate controls in place to ensure that required criminal background investigations were conducted prior to employment for those employees hired for security sensitive positions.
- (19-7) The University has not established adequate controls over the completion of I-9 forms for employees hired by the University.

Category 1: Findings that are **material weaknesses** in internal control and/or a **qualification** on compliance with State laws and regulations (material noncompliance).
Category 2: Findings that are **significant deficiencies** in internal control and **noncompliance** with State laws and regulations.
Category 3: Findings that have **no internal control issues but are in noncompliance** with State laws and regulations.

NORTHERN ILLINOIS UNIVERSITY
COMPLIANCE EXAMINATION AND SINGLE AUDIT
For the Year Ended June 30, 2019

COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENSES	FY 2019	FY 2018
INCOME FUND REVENUES		
Tuition and fees, net of waivers.....	\$ 142,113,024	\$ 145,559,136
Lab and other fees.....	1,161,162	1,257,059
Other.....	162,067	75,633
Transfer in from local funds.....	1,007,487	-
Total Revenues.....	<u>\$ 144,443,740</u>	<u>\$ 146,891,828</u>
INCOME FUND EXPENSES		
Personal services.....	\$ 76,524,640	\$ 39,241,623
FICA/Medicare.....	1,251,381	1,377,268
Unemployment compensation benefits.....	19,151	31,151
Group insurance.....	(1,205,465)	3,081,865
Contractual services.....	43,111,029	36,679,038
Travel.....	1,217,712	1,106,797
Commodities.....	2,771,660	1,156,063
Equipment and library books.....	6,778,044	5,784,160
Telecommunications.....	733,747	174,347
Automotive.....	474,847	383,299
Award/grants and matching funds.....	4,832,040	3,862,653
Permanent improvements.....	784,463	502,254
Transfers out for non-revenue bond debt service.....	5,511,392	5,412,078
GASB No. 35 adjustments.....	(186,833)	3,460,622
Total Expenses.....	<u>\$ 142,617,808</u>	<u>\$ 102,253,218</u>
EMPLOYMENT STATISTICS (UNAUDITED)		
	FY 2019	FY 2018
Faculty and Administrative.....	2,041	2,299
Civil Service.....	1,430	1,377
Student Employees.....	303	328
Miscellaneous contracts.....	108	111
Total Employees.....	<u>3,882</u>	<u>4,115</u>
FULL-TIME EQUIVALENT ENROLLMENT (UNAUDITED)		
	FY 2019	FY 2018
Undergraduate.....	10,984	11,601
Graduate.....	2,795	2,751
PRESIDENT		
During Audit Period: Acting President Dr. Lisa Freeman (through 9/19/18)		
Current: President, Dr. Lisa C. Freeman (Effective 9/20/18)		

FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS

**INADEQUATE INTERNAL CONTROLS OVER
CONTRACTS**

The University has not established adequate internal controls over contracts to ensure they are approved prior to performance and comply with all applicable state requirements.

Controls over contracts need improvement

During our review of a sample of 40 contracts for the year ended June 30, 2019, some of the items we noted are as follows:

Goods or services were provided prior to contract approval

- 9 contracts (23%) totaling \$318,561 were not approved prior to goods or services being provided. The contracts were executed between 5 to 146 days after the commencement of services or the receipt of the goods.
- 3 contracts (8%) totaling \$113,444 contained contract obligation documents that were not filed within 30 days of execution of the contract. The contract obligation documents were filed between 10 to 60 days late.
- 3 contracts (8%) totaling \$904,512 did not have a contract obligation document filed with the Illinois State Comptroller's Office. Each contract contained an order for delivery that exceeded \$20,000. The contract obligation documents were not filed as of June 30, 2019.
- 2 contracts (5%) totaling \$176,699 did not contain the Financial/Conflict of Interest Disclosure prior to the approval of the contract. In these two instances, disclosures were not obtained as of June 30, 2019.
- 2 of 13 grant contracts tested, totaling \$6,007, were not posted to the Procurement Bulletin within 14 calendar days after the execution of the contract. (Finding 3, pages 17-19). **This finding has been repeated since 2012.**

3 contract obligations documents were not filed with the State Comptroller's Office

We recommended the University establish and maintain internal control procedures to ensure contracts are complete and properly approved prior to performance. We also recommended the University adhere to State laws, regulations, and University policies and procedures.

University accepted the finding

University officials accepted the recommendation.

NONCOMPLIANCE WITH CAMPUS SECURITY ENHANCEMENT ACT OF 2008

The University did not have adequate controls in place to ensure that required criminal background investigations were conducted prior to employment for those employees hired for security sensitive positions.

The Campus Security Enhancement Act of 2008 (Act) requires that each public institution of higher education shall, through written policy and procedures, identify security-sensitive positions and make provision for the completion of criminal background investigations prior to employing individuals in those positions.

Employees were hired in security sensitive positions prior to the completion of the criminal background investigation

During our testing over the hiring of a sample of 25 employees in security sensitive positions, we noted four employees were hired prior to the completion of the criminal background investigation. These background investigations were performed between 1 to 7 days after the employee was hired. (Finding 5, page 21)

We recommended the University comply with the requirements of the Act and existing University policies and procedures.

University accepted this finding

University officials accepted the recommendation.

INADEQUATE CONTROLS OVER I-9 FORMS

The University has not established adequate controls over the completion of I-9 forms for employees hired by the University.

Internal controls over the completion of I-9 forms need improvement

During our review of a sample of forty (40) employee hires, we noted the following:

- One employee (3%) dated and completed the I-9 form prior to accepting the written job offer.
- Three employees (8%) did not complete Section 1 of the I-9 form on or before their respective hire date.
- Three employees (8%) did not have their respective hire date documented on Section 2 of the I-9 form.
- Two employees (5%) failed to date their completion of Section 1 of the I-9 form.
- One employee (3%) did not have their verification of employee eligibility performed timely by the University.

- One employee's I-9 form (3%) failed to document the date of the University's verification of the employee's eligibility.

U.S. Citizenship and Immigration Services (USCIS) instructions for Form I-9 require Section 1 be completed no later than the first day of employment. After completing Section 1, the employee is to sign their name and document the date signed. Employers are to examine evidence of identity and employment authorization within 3 business days of the employee's first day of employment. The employer is to document the hire date and their signature and date of their review in Section 2 of the I-9 form. (Finding 7, page 23)

We recommended the University enhance their controls over the process for preparing and reviewing the I-9 Forms to ensure compliance with USCIS requirements.

University accepted the finding

University officials accepted 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 Single Audit and State Compliance Examination.

AUDITOR'S OPINION

The financial audit report was previously released. The auditors stated the financial statements of the University as of and for the year ended June 30, 2019 are fairly stated in all material respects.

The auditors also conducted a Single Audit of the University as required by the Uniform Guidance. The auditors stated the University complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on the University's major federal programs for the year ended June 30, 2019.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the University for the year ended June 30, 2018, as required by the Illinois State Auditing Act. The accountants stated the University complied, in all material respects, with the requirements described in the report.

This Single Audit and State Compliance Examination was conducted by CliftonLarsonAllen LLP.

SIGNED ORIGINAL ON FILE

JANE CLARK
Division Director

This report is transmitted in accordance with Section 3-14 of the Illinois State Auditing Act.

SIGNED ORIGINAL ON FILE

FRANK J. MAUTINO
Auditor General

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