



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

Frank J. Mautino, Auditor General

**SUMMARY REPORT DIGEST**

**NORTHERN ILLINOIS UNIVERSITY**

**Financial Audit  
 For the Year Ended June 30, 2020**

**Release Date: June 2, 2021**

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS																												
	Repeated Since	Category 1	Category 2	Category 3																									
<table border="0"> <tr> <td></td> <td><u>New</u></td> <td><u>Repeat</u></td> <td><u>Total</u></td> <td></td> </tr> <tr> <td><b>Category 1:</b></td> <td><b>1</b></td> <td><b>0</b></td> <td><b>1</b></td> <td></td> </tr> <tr> <td><b>Category 2:</b></td> <td><b>0</b></td> <td><b>0</b></td> <td><b>0</b></td> <td></td> </tr> <tr> <td><b>Category 3:</b></td> <td><u>0</u></td> <td><u>0</u></td> <td><u>0</u></td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td><b>1</b></td> <td><b>0</b></td> <td><b>1</b></td> <td></td> </tr> </table>		<u>New</u>	<u>Repeat</u>	<u>Total</u>		<b>Category 1:</b>	<b>1</b>	<b>0</b>	<b>1</b>		<b>Category 2:</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>Category 3:</b>	<u>0</u>	<u>0</u>	<u>0</u>		<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>1</b>		<b>No Repeat Findings</b>			
	<u>New</u>	<u>Repeat</u>	<u>Total</u>																										
<b>Category 1:</b>	<b>1</b>	<b>0</b>	<b>1</b>																										
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FINDINGS LAST AUDIT: 0																													

**INTRODUCTION**

This digest covers the Northern Illinois University’s Financial Audit as of and for the year ended June 30, 2020. The Northern Illinois University’s Compliance Examination (including the Single Audit) covering the year ended June 30, 2020 will be issued at a later date.

**SYNOPSIS**

- **(20-1)** The University did not have adequate internal control over reporting its census data and did not have a reconciliation process to provide assurance census data submitted to its pension and other postemployment benefits plans was complete and accurate.

<p><b>Category 1:</b> Findings that are <b>material weaknesses</b> in internal control and/or a <b>qualification</b> on compliance with State laws and regulations (material noncompliance).</p> <p><b>Category 2:</b> Findings that are <b>significant deficiencies</b> in internal control and <b>noncompliance</b> with State laws and regulations.</p> <p><b>Category 3:</b> Findings that have <b>no internal control issues but are in noncompliance</b> with State laws and regulations.</p>
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**NORTHERN ILLINOIS UNIVERSITY**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2020**

<b>STATEMENT OF NET POSITION (in thousands)</b>	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Cash and cash equivalents.....	\$ 59,890	\$ 66,047
Investments.....	65,739	106,981
Accounts and student loans receivable, net.....	26,937	26,886
Appropriations receivable from the State.....	15,887	549
Capital assets, net.....	405,906	419,634
Other.....	15,283	14,970
Total Assets.....	589,642	635,067
<b>Deferred Outflows of Resources.....</b>	<b>7,136</b>	<b>7,056</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities.....	40,529	50,058
Accrued compensated absences.....	17,848	15,426
Revenue bonds, contracts, notes and leases payable.....	305,465	304,390
Other post-employment benefits.....	44,504	42,419
Other.....	49,484	51,676
Total Liabilities.....	457,830	463,969
<b>Deferred Inflows of Resources.....</b>	<b>9,100</b>	<b>10,309</b>
<b>Net Position</b>		
Net investment in capital assets.....	70,027	92,049
Restricted.....	86,065	83,170
Unrestricted.....	(26,244)	(7,374)
Total Net Position.....	\$ 129,848	\$ 167,845
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)</b>	<b>2020</b>	<b>2019</b>
<b>Revenues</b>		
State appropriations.....	\$ 88,945	\$ 85,299
On-Behalf and Special Funding for fringe benefits.....	100,523	85,415
Tuition and fees, net.....	115,965	117,278
Auxiliary enterprises.....	66,334	86,650
Federal and State grants and other contracts.....	88,628	73,081
Sales and services of educational activities.....	24,787	28,539
Other.....	12,138	16,586
Total Revenues.....	497,320	492,848
<b>Expenses</b>		
Instruction.....	187,566	174,691
Research.....	18,915	18,097
Auxilliary enterprises.....	72,266	67,771
Institutional support.....	55,169	57,480
Academic support.....	37,572	36,560
Student services.....	24,023	26,060
Operation and maintenance of plant.....	21,772	28,036
Public service.....	24,951	25,329
Scholarships and fellowships.....	44,783	32,733
Depreciation.....	28,365	28,232
Interest.....	19,935	22,266
Total Expenses.....	535,317	517,255
<b>Increase/(Decrease) in net position.....</b>	<b>\$ (37,997)</b>	<b>\$ (24,407)</b>
<b>UNIVERSITY PRESIDENT</b>		
During Audit Period: President Dr. Lisa Freeman		
Current: President, Dr. Lisa C. Freeman		

**FINDINGS, CONCLUSIONS, AND  
RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROLS OVER  
CENSUS DATA**

**Internal controls over census data  
need improvement**

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

Some of the more significant issues we noted during our testing are as follows:

**An initial complete reconciliation  
had not been performed**

- The University had not performed an initial complete reconciliation of its census data recorded by SURS and CMS to its internal records to establish a base year of complete and accurate census data.

**8 individuals were improperly  
excluded from participating in SURS**

- We conducted data matches of (1) individuals pulled from the University's records whom the University believed should have been participating in SURS during the census data accumulation period throughout Fiscal Year 2018 and (2) the University's faculty members teaching a class during the census data accumulation period throughout Fiscal Year 2018 to SURS' records. As a result of this testing, we identified 8 individuals who had been improperly excluded from participating in SURS, which resulted in these people not having any employee contributions collected by the University and reported to SURS during the census data accumulation period throughout Fiscal Year 2018. Additionally, we identified 3 individuals who did not qualify to participate in SURS. As these persons had been deemed SURS-eligible, the University collected and reported employee contributions to SURS during the census data accumulation period throughout Fiscal Year 2018.

We performed an analysis of transactions reported by the University to SURS during the census data accumulation period throughout Fiscal Year 2018, noting some of the following problems:

- Nine of 542 (2%) employees reported as hired had actually been hired in other fiscal years. SURS determined the total potential impact to each employee's total service credit was it could be off by one-quarter to 1 year.
- One of 5 (20%) employees reported as laid off by the University were untimely reported to SURS by the

University. SURS determined the total potential impact to the former employee's total service credit was it could be off by one-quarter year.

- Five of 26 (19%) employees with a departure on a leave of absence had the start date of the leave of absence untimely reported to SURS by the University. SURS determined the total potential impact to each of these employees' total service credit was it could be off by three-quarters to 23.5 years.
- As of the end of the census data accumulation year on June 30, 2018, we identified 5 employees where each employee's associated termination or rehire date(s) had been untimely reported to SURS. While these employees were all associated with the University at June 30, 2018, some or all of these untimely reports may have occurred at other public universities and community colleges across the State. SURS determined these errors resulted in the employees being misclassified between the active, retired, and inactive member categories within SURS. The total potential impact to each former employee's total service credit was it could be off between 0.0 and 1.75 years. (Finding 1, Pages 5-8)

We recommended the University implement controls to ensure census data events are timely and accurately reported to the State Universities Retirement System (SURS) and the State of Illinois, Department of Central Management Services (CMS). We also recommended the University work with SURS and CMS to develop an annual reconciliation process of its active members' census data from its underlying records to a report from each plan of census data submitted to the plan's actuary.

**University agrees with the auditors**

University officials agreed with the finding.

**AUDITOR'S OPINION**

The auditors stated the financial statements of the University as of and for the year ended June 30, 2020 are fairly stated in all material respects.

This financial audit 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**

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FRANK J. MAUTINO  
Auditor General

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