



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

Frank J. Mautino, Auditor General

SUMMARY REPORT DIGEST

NORTHERN ILLINOIS UNIVERSITY

State Compliance Examination
 For the Year Ended June 30, 2021

Release Date: June 29, 2022

FINDINGS THIS AUDIT: 18	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2020	21-1	21-3, 21-13, 21-14, 21-17	
Category 2:	4	13	17	2019		21-9, 21-10	
Category 3:	0	0	0	2018		21-7, 21-8, 21-11	
TOTAL	4	14	18	2017		21-2	
				2015		21-12	
				2012		21-5	
				2005		21-6	
FINDINGS LAST AUDIT: 16							

INTRODUCTION

This digest covers our Compliance Examination of Northern Illinois University for the year ended June 30, 2021. A separate Financial Audit as of and for the year ended June 30, 2021, was previously released on May 18, 2022. Additionally, a Single Audit as of and for the year ended June 30, 2021 will be released separately. In total, this report contains 18 findings, four of which was reported in the Financial Audit and Single Audit.

SYNOPSIS

- (21-5) 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.
- (21-8) The University has not established adequate controls over the completion of I-9 forms for employees hired by the University.
- (21-12) The University did not fully comply with requirements applicable to its property and equipment.

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
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2021**

COMPARATIVE SCHEDULE OF INCOME FUND REVENUES AND EXPENSES	FY 2021	FY2020
INCOME FUND REVENUES		
Tuition and Fees, net of waivers.....	\$ 147,689,521	\$ 148,995,661
Lab and other fees.....	252,809	1,200,101
Other.....	2,642,531	1,885,105
Transfer in from local funds.....	1,498,212	3,523,235
Total Revenues.....	152,083,073	155,604,102
INCOME FUND EXPENDITURES		
Personal Services.....	76,127,999	87,690,608
FICA/Medicare.....	1,220,735	1,287,955
Unemployment Compensation Benefits.....	74,271	58,097
Group Insurance.....	(1,193,557)	(633,970)
Contractual Services.....	37,424,217	38,736,113
Travel.....	48,582	756,590
Commodities.....	1,871,906	1,976,224
Equipment and Library Books.....	5,101,214	5,641,197
Telecommunications.....	355,743	317,113
Automotive.....	227,043	415,642
Awards/Grants and Matching Funds.....	6,555,746	6,606,478
Permanent Improvements.....	176,568	683,751
Transfers out for Nonrevenue Bond Debt Service.....	5,461,826	5,488,628
GASB No. 35 Adjustments.....	2,807,302	2,812,823
Total Expenditures.....	136,259,595	151,837,249
EXCESS OF REVENUES OVER EXPENSES.....	\$ 15,823,478	\$ 3,766,853
SUPPLEMENTAL INFORMATION (Unaudited)		
Employment Statistics		
Faculty and Staff (State Appropriated Funds).....	2,078.4	2,326.1
Faculty and Staff (Nonappropriated Funds).....	1,090.5	1,209.0
Graduate Assistants and Students (State Appropriated Funds).....	19.9	52.1
Graduate Assistants and Students (Nonappropriated Funds).....	105.7	179.1
Total Employees.....	3,294.5	3,766.3
Enrollment Statistics		
Fall term enrollment - undergraduate.....	12,277	12,131
Fall term enrollment - graduate.....	4,185	4,204
Fall term enrollment - professional.....	307	274
Total.....	16,769	16,609
Cost Per Student		
Cost Per Full-Time Equivalent Student.....	\$ 15,666	\$ 16,620
PRESIDENT		
During Examination Period & Current: President - Dr. Lisa Freeman		

**FINDINGS, CONCLUSIONS, AND
RECOMMENDATIONS**

**INADEQUATE INTERNAL CONTROLS OVER
CONTRACTS**

**Controls over contracts need
improvement**

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.

During our review of 40 contracts for the year ended June 30, 2021, we noted the following:

**Goods or services were provided
prior to contract approval**

- Thirteen contracts (33%) totaling \$425,303 were not approved prior to goods or services being provided. The contracts were executed between 8 to 145 days after the commencement of the services or the receipt of the goods.
- One contract (3%) totaling \$9,047 did not contain the required level of approval based on the purchase amount.

During our review of 5 inter and intra agency contracts for the year ended June 30, 2021 we noted two contracts (40%) totaling \$1,816,000 were not approved prior to goods or services being provided. The contracts were executed between 21 and 49 days after the commencement of the services provided or the receipt of the goods. (Finding 5, pages 17-18) **This finding has been repeated since 2012.**

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

University accepted the finding

University officials accepted the recommendation.

INADEQUATE CONTROLS OVER I-9 FORMS

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

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

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

- Five employees (13%) did not complete the preparer and/or translator certification portion of section 1 of the I-9 form.

- Four employees (10%) did not complete section 1 of the I-9 form on or before their respective hire date.
- One employee (3%) did not complete on Section 2 of the I-9 form properly as the hire date per I-9 and the employee personnel file do not match.
- One employee (3%) did not complete Section 2 of the I-9 form properly as their first day of employment was not filled out.
- One employee (3%) did not have an I-9 form on file. (Finding 8, page 21)

We recommended the University enhance their controls over the process for preparing and reviewing the I-9 Forms to ensure compliance with U.S. Citizenship and Immigration Services requirements.

University accepted the finding

University officials accepted the recommendation.

INADEQUATE INTERNAL CONTROLS OVER PROPERTY AND EQUIPMENT

The University did not fully comply with the requirements applicable to its property and equipment.

116 pieces of equipment could not be located by the University

We reviewed the University’s property inventory certification, dated January 19, 2021, which was submitted to the Illinois Department of Central Management Services (DCMS). The inventory certification to CMS reported 116 pieces of equipment (summing to \$143,047) that could not be located by the University. These assets were acquired by the University during past fiscal years. Included in this listing were chairs, computers, projectors, servers, iPads, electronic storage devices, microscopes and other lab equipment. 74 of the 116 items (64%) were missing electronic data processing (EDP) equipment.

Missing Asset Investigation Forms were filed late

During our review of the University’s adherence to policies and procedures over protecting and tracking equipment with confidential and sensitive information, we sampled seven items from the 74 EDP items within the DCMS inventory certification. We noted three of seven missing pieces of EDP equipment items sampled (43%), did not have a Missing Asset Investigation Form filed in a timely manner, ranging from 98 to 124 days late.

During our testing of 25 equipment additions, we noted four additions (16%) totaling \$7,089 were actually acquired in a previous fiscal year. These assets were not reported timely on the University’s C-15 reports with years of acquisition ranging from fiscal year 2015 to 2020 and as such were not recorded as

acquisitions timely. (Finding 12, pages 25-26) **This finding has been repeated since 2015.**

We recommended the University continue to strengthen its internal controls over the accountability of University property and equipment.

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 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, 2021 are fairly stated in all material respects.

The single audit report was separately released. The auditors 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, 2021.

ACCOUNTANT'S OPINION

The accountants conducted a compliance examination of the University for the year ended June 30, 2021, as required by the Illinois State Auditing Act. The accountants qualified their report on State Compliance for Finding 2021-001. Except for the noncompliance described in that finding, the accountants stated the University complied, in all material respects, with the requirements described in the report.

This 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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