



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, 2021**

**Release Date: May 18, 2022**

FINDINGS THIS AUDIT: 1	AGING SCHEDULE OF REPEATED FINDINGS						
	New	Repeat	Total	Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2020	21-1		
Category 2:	0	0	0				
Category 3:	0	0	0				
<b>TOTAL</b>	<b>0</b>	<b>1</b>	<b>1</b>				
FINDINGS LAST AUDIT: 1							

**INTRODUCTION**

This digest covers the Northern Illinois University’s (University) Financial Audit as of and for the year ended June 30, 2021. The University’s Compliance Examination and Single Audit will be issued in separate reports at a later date.

**SYNOPSIS**

- **(21-1)** 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.

**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**  
**FINANCIAL AUDIT**  
**For the Year Ended June 30, 2021**

<b>STATEMENT OF NET POSITION (in thousands)</b>	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents.....	\$ 72,585	\$ 59,890
Investments.....	58,132	65,739
Accounts and student loans receivable, net.....	34,672	26,937
Appropriations receivable from the State.....	19	15,887
Capital assets, net.....	382,663	405,906
Other.....	18,876	15,283
Total Assets.....	566,947	589,642
<b>Deferred Outflows of Resources.....</b>	<b>3,790</b>	<b>7,136</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities.....	43,740	40,529
Accrued compensated absences.....	18,553	17,848
Revenue bonds, contracts, notes and leases payable.....	318,424	305,465
Other post-employment benefits.....	41,923	44,504
Other.....	20,920	49,484
Total Liabilities.....	443,560	457,830
<b>Deferred Inflows of Resources.....</b>	<b>6,345</b>	<b>9,100</b>
<b>Net Position</b>		
Net investment in capital assets.....	54,938	70,027
Restricted.....	85,290	86,065
Unrestricted.....	(19,396)	(26,244)
Total Net Position.....	\$ 120,832	\$ 129,848
<b>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)</b>	<b>2021</b>	<b>2020</b>
<b>Revenues</b>		
State appropriations.....	\$ 87,823	\$ 88,945
On-Behalf and Special Funding for fringe benefits.....	173,683	100,523
Tuition and fees, net.....	107,935	115,965
Auxiliary enterprises.....	48,164	66,334
Federal and State grants and other contracts.....	116,104	88,628
Sales and services of educational activities.....	23,072	24,787
Other.....	3,981	12,138
Total Revenues.....	560,762	497,320
<b>Expenses</b>		
Instruction.....	212,028	187,566
Research.....	21,022	18,915
Auxilliary enterprises.....	77,574	72,266
Institutional support.....	57,582	55,169
Academic support.....	40,783	37,572
Student services.....	23,985	24,023
Operation and maintenance of plant.....	22,700	21,772
Public service.....	25,896	24,951
Scholarships and fellowships.....	48,373	44,783
Depreciation.....	27,222	28,365
Interest.....	14,156	19,935
Total Expenses.....	571,321	535,317
<b>Decrease in net position.....</b>	<b>\$ (10,559)</b>	<b>\$ (37,997)</b>
<b>UNIVERSITY PRESIDENT</b>		
During Audit Period & Current: President - Dr. Lisa 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.

Census data is demographic data (date of birth, gender, years of service, etc.) of the active, inactive, or retired members of a pension or OPEB plan. The accumulation of inactive or retired members' census data occurs before the current accumulation period of census data used in the plan's actuarial valuation (which eventually flows into each employer's financial statements), meaning the plan is solely responsible for establishing internal controls over these records and transmitting this data to the plan's actuary. In contrast, responsibility for active members' census data during the current accumulation period is split among the plan and each member's current employer(s). Initially, employers must accurately transmit census data elements of their employees to the plan. Then, the plan must record and retain these records for active employees and then transmit this census data to the plan's actuary.

We noted the University's employees are members of both the State Universities Retirement System (SURS) for their pensions and the State Employees Group Insurance Program sponsored by the State of Illinois, Department of Central Management Services (CMS) for their OPEB. In addition, we noted these plans have characteristics of different types of pension and OPEB plans, including single employer plans and cost-sharing multiple-employer plans. Finally, CMS' actuaries use census data for employees of the State's public universities provided by SURS along with census data for the other participating members which is provided by the State's four other pension plans to prepare the projection of the OPEB plan's liabilities.

During testing we noted the following:

#### **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.
- After establishing a base year, the University had not developed a process to annually obtain from SURS and CMS the incremental changes recorded by SURS and CMS in their census data records and reconcile these

changes back to the University's internal supporting records. (Finding 1, Pages 5-8)

We recommended the University work with SURS to annually reconcile its active members' census data from its underlying records to a report of census data submitted to SURS' actuary and CMS' actuary. After completing an initial full reconciliation, the University may limit the annual reconciliations to focus on the incremental changes to the census data file from the prior actuarial valuation, provided no risks are identified that incomplete or inaccurate reporting of census data may have occurred during prior periods. Any errors identified during this process should be promptly corrected by either the University or SURS, with the impact of these errors communicated to both SURS' actuary and CMS' 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, 2021 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**

FRANK J. MAUTINO  
Auditor General

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