



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, 2022**

Release Date: February 16, 2023

FINDINGS THIS AUDIT: 2	New	Repeat	Total	AGING SCHEDULE OF REPEATED FINDINGS			
				Repeated Since	Category 1	Category 2	Category 3
Category 1:	0	1	1	2020	22-01		
Category 2:	1	0	1				
Category 3:	<u>0</u>	<u>0</u>	<u>0</u>				
TOTAL	1	1	2				
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, 2022. The University’s Compliance Examination and Single Audit will be issued in separate reports at a later date.

SYNOPSIS

- **(22-1)** 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, 2022

STATEMENT OF NET POSITION (in thousands)	2022	2021
Assets		
Cash and cash equivalents.....	\$ 58,545	\$ 72,585
Investments.....	77,092	58,132
Accounts and student loans receivable, net.....	38,963	34,672
Appropriations receivable from the State.....	483	19
Capital assets, net.....	364,137	382,663
Other.....	22,620	18,876
Total Assets.....	561,840	566,947
Deferred Outflows of Resources.....	9,727	3,790
Liabilities		
Accounts payable and accrued liabilities.....	51,493	43,740
Accrued compensated absences.....	18,372	18,553
Revenue bonds, contracts, notes and leases payable.....	310,262	318,424
Other post-employment benefits.....	40,299	41,923
Other.....	17,504	20,920
Total Liabilities.....	437,930	443,560
Deferred Inflows of Resources.....	12,921	6,345
Net Position		
Net investment in capital assets.....	47,578	54,938
Restricted.....	74,431	85,290
Unrestricted.....	(1,293)	(19,396)
Total Net Position.....	\$ 120,716	\$ 120,832
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (in thousands)	2022	2021
Revenues		
State appropriations.....	\$ 92,997	\$ 87,823
On-Behalf and Special Funding for fringe benefits.....	121,909	173,683
Tuition and fees, net.....	99,517	107,935
Auxiliary enterprises.....	75,867	48,164
Federal and State grants and other contracts.....	134,917	116,104
Sales and services of educational activities.....	23,787	23,072
Other.....	12,999	3,981
Total Revenues.....	561,993	560,762
Expenses		
Instruction.....	191,834	212,028
Research.....	21,545	21,022
Auxilliary enterprises.....	79,361	77,574
Institutional support.....	63,410	57,582
Academic support.....	40,101	40,783
Student services.....	22,084	23,985
Operation and maintenance of plant.....	20,371	22,700
Public service.....	27,959	25,896
Scholarships and fellowships.....	60,356	48,373
Depreciation.....	27,030	27,222
Interest.....	8,058	14,156
Total Expenses.....	562,109	571,321
Decrease in net position.....	\$ (116)	\$ (10,559)
UNIVERSITY PRESIDENT		
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 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. Additionally, CMS' actuary uses census data for employees of the State's public universities provided by SURS, along with census data for the other participating members provided by the State's four other pensions plans, to prepare their projection of the liabilities of CMS' plan. Finally, SURS' actuary and CMS' actuary used census data transmitted by the University during Fiscal Year 2020 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2021, which is incorporated into the University's Fiscal Year 2022 financial statements.

During testing we noted the following:

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

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

- After establishing a base year, the University had not developed a process to annually obtain from SURS the incremental changes recorded by SURS in their census data records and reconcile these changes back to the University's internal supporting records.
- During our cut-off testing of data transmitted by the University to SURS, we noted 31 instances of an active employee becoming inactive and 1 instance of an active employee becoming retired were reported to SURS after the close of the fiscal year in which the event occurred.
- During detail testing, we noted 1 of 30 (3%) members tested had their birth date reported to SURS incorrectly, which was off by 10 years. (Finding 1, Pages 5-6)

We recommended the University continue to work with SURS to complete the base year reconciliation of Fiscal Year 2021 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.

We also recommended the University ensure all events occurring within a census data accumulation year are timely and accurately reported to SURS so these events can be incorporated into the census data provided to SURS' actuary and CMS' actuary.

University agrees with the auditors

University officials agreed with the finding.

OTHER FINDING

The remaining finding pertains to inadequate internal controls over the recognition of revenue and unearned revenue during the fiscal year ended June 30, 2022. We will review the University's progress towards the implementation of our recommendations in our next financial audit.

AUDITOR'S OPINION

The auditors stated the financial statements of the University as of and for the year ended June 30, 2022 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

FJM:TLK