

**NORTHERN ILLINOIS UNIVERSITY**

A Component Unit of the State of Illinois

**State Compliance Examination**

**Year Ended June 30, 2023**

Performed as Special Assistant Auditors  
for the Auditor General, State of Illinois

**NORTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois

**State Compliance Examination**

**Year Ended June 30, 2023**

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**NORTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**State Compliance Examination**  
**For the Year Ended June 30, 2023**

**UNIVERSITY OFFICIALS**

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President	Lisa C. Freeman
Executive Vice President and Provost	Beth Ingram
Vice President for Administration and Finance and Chief Financial Officer (from January 17, 2023)	George Middlemist
Vice President for Research and Innovation Partnerships	Gerald Blazey
Vice President and General Counsel	Bryan Perry
Vice President for Enrollment Management, Marketing and Communications	Sol Jensen
Vice President for Outreach, Engagement and Regional Development	Rena Cotsones
Vice President for University Advancement	Catherine Squires
Director of Internal Audit	Danielle Schultz

**Financial Management**

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Associate Vice President for Finance and Treasury	Shyree Sanan
Controller	Jason Askin
Deputy Controller	Greg Martyn
Financial Reporting Manager	Kathy Marshall

**NIU Board Members**

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Chair	Eric Wasowicz
Vice Chair	Rita Athas
Secretary	Montel Gayles
Trustees	Bob Pritchard John R. Butler Dennis Barsema Veronica Herrero
Student Trustee	Tim Moore

**NIU Office is located at:**  
300 Altgeld Hall  
DeKalb, Illinois 60115



June 3, 2024

RSM US LLP  
Certified Public Accountants  
1450 American Lane, Suite 1400  
Schaumburg, IL 60173

Ladies and Gentlemen:

We are responsible for the identification of, and compliance with, all aspects of laws, regulations, contracts, or grant agreements that could have a material effect on the operations of Northern Illinois University (University). We are responsible for and we have established and maintained an effective system of internal controls over compliance requirements. We have performed an evaluation of the University's compliance with the following specified requirements during the one-year period ended June 30, 2023. Based on this evaluation, we assert that during the year ended June 30, 2023, the University has materially complied with the specified requirements listed below.

- A. The University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the University on behalf of the State or held in trust by the University have been properly and legally administered, and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.

Yours truly,

Northern Illinois University

**SIGNED ORIGINAL ON FILE**

Dr. Lisa C. Freeman, President

**SIGNED ORIGINAL ON FILE**

George Middlemist, Vice President for Administration and Finance and Chief Financial Officer

**SIGNED ORIGINAL ON FILE**

Bryan Berry, Vice President and General Counsel

**NORTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois

**State Compliance Examination**  
**Year Ended June 30, 2023**

**State Compliance Report**

**Summary**

The State compliance testing performed during this examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants; the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States; the Illinois State Auditing Act (Act); and the *Audit Guide*.

**Accountant’s Report**

The Independent Accountant’s Report on State Compliance and on Internal Control Over Compliance does not contain scope limitations, disclaimers, or other significant non-standards language.

**Summary of Findings**

<u>Number of Findings</u>	<u>Current Report</u>	<u>Prior Report</u>
Findings	17	16
Repeated Findings	9	13
Prior Recommendations Implemented or Not Repeated	7	5

**Schedule of Findings**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2023-001	9	New	Capital Assets	Significant Deficiency and Noncompliance
2023-002	11	New	Financial Statements	Significant Deficiency and Noncompliance
2023-003	13	New	Leases	Significant Deficiency and Noncompliance
2023-004	14	New	Effective Interest Rate	Significant Deficiency and Noncompliance
2023-005	15	New	Cash Management – Timeliness of Subrecipient Payments	Significant Deficiency and Noncompliance
2023-006	17	New	Period of Performance – Service Period Beyond Grant’s Period of Performance	Significant Deficiency and Noncompliance

**NORTHERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois

**State Compliance Examination**  
**Year Ended June 30, 2023**

**State Compliance Report**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
2023-007	19	New	Timeliness of Federal Funding Accountability and Transparency Act Reporting	Significant Deficiency and Noncompliance
2023-008	21	2022/2005	Failure to Submit Proper Time Reporting	Significant Deficiency and Noncompliance
2023-009	22	2022/2018	Inadequate Controls over I-9 Forms	Significant Deficiency and Noncompliance
2023-010	23	2022/2021	Inadequate Controls over Procurement Card Use	Significant Deficiency and Noncompliance
2023-011	25	2022/2018	Uncompleted Performance Reviews	Significant Deficiency and Noncompliance
2023-012	26	2022/2020	Noncompliance with the Illinois Articulation Initiative Act	Significant Deficiency and Noncompliance
2023-013	27	2022/2020	Inadequate Internal Controls over Census Data	Significant Deficiency and Noncompliance
2023-014	29	New	Uncompleted Census Data Reconciliation	Significant Deficiency and Noncompliance
2023-015	30	2022/2021	Inadequate Controls Over Terminated Employee User Accounts	Significant Deficiency and Noncompliance
2023-016	31	2022/2022	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency and Noncompliance
2023-017	33	2022/2022	Disaster Recovery Planning Weaknesses	Significant Deficiency and Noncompliance

**NORTHERN ILLINOIS UNIVERSITY**  
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**State Compliance Examination**  
**Year Ended June 30, 2023**

**State Compliance Report**

**Prior Findings Not Repeated**

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>
A	34	2022/2022	Inadequate Internal Controls over Revenue Recognition
B	34	2022/2022	Inadequate Internal Controls Over Contracts
C	34	2022/2019	Inadequate Controls over Employee Terminations
D	34	2022/2018	Subsidies between Accounting Entities
E	34	2022/2020	Lack of Annual Employee Training
F	35	2022/2021	Untimely Reporting of Auto Accidents
G	35	2022/2020	Lack of Adequate Controls over the Review of Internal Controls over External Service Providers

**Exit Conference**

The University waived an exit conference in a correspondence from Shyree Sanan, Associate Vice President for Finance on May 17, 2024. The responses to the recommendations for findings 2024-001 to 2024-007 were provided by Jason Askin, Controller in correspondence dated March 13, 2024 and the responses to the recommendations for findings 2024-008 to 2024-017 were provided by Kathy Marshall, Financial Accounting Manager in correspondence dated May 28, 2024.

**Independent Accountant's Report on State Compliance  
and on Internal Control Over Compliance**

Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Northern Illinois University

**Report on State Compliance**

As Special Assistant Auditors for the Auditor General, we have examined Northern Illinois University's (University) compliance with the specified requirements listed below, as more fully described in the *Audit Guide for Financial Audits and Compliance Attestation Engagements of Illinois State Agencies (Audit Guide)* as adopted by the Auditor General, during the year ended June 30, 2023. Management of the University is responsible for the University's compliance with the specified requirements. Our responsibility is to express an opinion on the University's compliance with the specified requirements based on our examination.

The specified requirements are:

- A. The University has obligated, expended, received, and used public funds of the State in accordance with the purpose for which such funds have been appropriated or otherwise authorized by law.
- B. The University has obligated, expended, received, and used public funds of the State in accordance with any limitations, restrictions, conditions, or mandatory directions imposed by law upon such obligation, expenditure, receipt, or use.
- C. The University has complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.
- D. State revenues and receipts collected by the University are in accordance with applicable laws and regulations and the accounting and recordkeeping of such revenues and receipts is fair, accurate, and in accordance with law.
- E. Money or negotiable securities or similar assets handled by the University on behalf of the State or held in trust by the University have been properly and legally administered and the accounting and recordkeeping relating thereto is proper, accurate, and in accordance with law.



Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Illinois State Auditing Act (Act), and the *Audit Guide*. Those standards, the Act, and the *Audit Guide* require that we plan and perform the examination to obtain reasonable assurance about whether the University complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the University complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the University's compliance with the specified requirements.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the University complied, in all material respects, with the specified requirements during the year ended June 30, 2023. However, the results of our procedures disclosed instances of noncompliance with the specified requirements, which are required to be reported in accordance with criteria established by the *Audit Guide* and are described in the accompanying Schedule of Findings as items 2023-001 through 2023-017.

The University's responses to the compliance findings identified in our examination are described in the accompanying Schedule of Findings. The University's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing and the results of that testing in accordance with the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

### **Report on Internal Control Over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the specified requirements (internal control). In planning and performing our examination, we considered the University's internal control over the specified requirements as a basis for designing examination procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the University's compliance with the specified requirements and to test and report on the University's internal control in accordance with the *Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the specified requirements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our examination we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 through 2023-017 that we consider to be significant deficiencies.

As required by the *Audit Guide*, immaterial findings excluded from this report have been reported in a separate letter.

The University's responses to the internal control findings identified in our examination are described in the accompanying Schedule of Findings. The University's responses were not subjected to the procedures applied in the examination and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of internal control and the results of that testing based on the requirements of the *Audit Guide*. Accordingly, this report is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

Schaumburg, Illinois  
June 3, 2024

**Northern Illinois University**  
A Component Unit of the State of Illinois

**State Compliance Examination**

**Schedule of Findings**  
**For the Year Ended June 30, 2023**

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**Finding 2023-001      Capital Assets**

Northern Illinois University (the University) did not properly record and reconcile its capital asset balances.

During our testing of the University's capital assets, we noted the following matters which are not corrected in the financial statements as management determined they do not cause a material misstatement:

- Two projects totaling \$672,496, substantially completed and put in use in prior years, are included in year-end construction in progress and no depreciation has been recorded for the projects. The projects should have been moved from construction in progress to buildings in the year of completion and depreciation started in that year. The University elected not to record an adjusting entry for this matter.
- A balance of \$469,593, unassociated with any specific project and carried forward for several years, is included in year-end construction in progress. The University plans to expense this amount in fiscal year 2024 and therefore elected not to record an adjusting entry for this matter.
- The University's schedule of accumulated depreciation exceeds the recorded balance of accumulated depreciation by \$2,950,528. This is a historical variance unrelated to current year depreciation, which has been rolling forward for several years. The University elected not to record an adjusting entry for this matter.

Section 1400 *Reporting Capital Assets* of the Governmental Accounting Standards Board Codification states capital assets should be depreciated over their estimated useful lives which begins when an asset is complete and in service. Additionally, capital assets are defined as assets that have a useful life extending beyond a single reporting period. In order to determine an asset will have a useful life beyond a single reporting period, amounts included in construction in progress must be associated with an identifiable asset. Finally, capital assets are to be reported net of accumulated depreciation on the statement of net position. This should include the accumulated depreciation associated with each capital asset.

Also, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Proper internal controls should ensure all transactions are properly captured for the financial statements.

University officials indicated the errors were due to oversight and historical variances that existed prior to the current management team.

As a result of the issues noted above, capital assets, net of accumulated depreciation and net investment in capital assets on the University's statement of net position are both overstated by approximately \$3,420,000. (Finding Code No. 2023-001)

**Northern Illinois University**  
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**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-001      Capital Assets (Continued)**

**Recommendation:**

We recommend the University adjust its capital asset records in fiscal year 2024 for the noted errors and review its internal controls over the recording and reconciling of capital assets.

**University Response:**

Accepted. The University will improve communications to ensure open CIP projects are capitalized upon determination of substantial completion. Additionally, the University will ensure that the historical variances noted in construction in progress and accumulated depreciation are investigated and appropriately adjusted.

**Northern Illinois University**  
A Component Unit of the State of Illinois

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-002      Financial Statements**

Northern Illinois University (the University) did not properly adjust its financial statements for certain revenue and expense transactions.

The University prepares year-end entries to adjust the financial statements for transactions recorded during the year that do not represent revenues or expenses for the fiscal year. When testing the University's recorded revenues and expenses we noted the following matters, which are not adjusted for in the financial statements as management determined they did not result in a material misstatement.

- The University's entry to remove from revenue and expense cash basis transactions related to direct loans was miscalculated. The University properly adjusted expenses but did not remove \$1,621,668 of revenue. This resulted in year-end accounts receivable and revenue being overstated by the same amount. The University elected not to record an adjusting entry for this matter.
- The University billed a commercial customer for internet service on a calendar year basis, in arrears, and recorded the revenue when billed instead of when earned. This resulted in \$875 of fiscal year 2022 revenue being recognized in fiscal year 2023. While the error could be isolated to a specific set of accounts, as we do not test 100% of the transactions, there is an additional projected error of current year revenue being overstated by \$737,774. The University elected not to record an adjusting entry for this matter.
- The University's entry to set-up prepaids (classified in current other assets on the statement of net position) for invoices paid in fiscal year 2023 that benefit fiscal year 2024 did not include all necessary invoices. When testing expenses, we identified \$163,919 that should have been expensed in fiscal year 2024 instead of 2023. As we do not test all transactions, there is an additional projected error of prepaids being understated and expenses overstated by \$1,592,922. The University elected not to record an adjusting entry for this matter.

Generally accepted accounting principles require transactions be reported in the period incurred. Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Proper internal controls should ensure all transactions are properly recorded in the financial statements.

University officials indicated the errors were due to oversight and its review process for identifying prepaids being limited to certain accounts, which do not include the accounts in which the noted prepaid errors were identified.

Errors in year-end entries could result in material misstatements within the University's financial statements. (Finding Code No. 2023-002)

**Recommendation:**

We recommend the University review its process to record year-end prepaids and cash basis transactions to ensure revenue and expense amounts are properly recorded in the University's financial statements.

**Northern Illinois University**  
A Component Unit of the State of Illinois

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-002      Financial Statements (Continued)**

**University Response:**

Accepted. The University will conduct a comprehensive review of each component of the finding. The University will review the closing entry for elimination of direct loan revenue and expense to ensure compliance with GAAP financial reporting standards. Additionally, the University will review and modify business practices and process related to accounts receivable and prepaid expenses to eliminate all material exceptions.

**Northern Illinois University**  
A Component Unit of the State of Illinois

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-003      Leases**

Northern Illinois University (the University) did not record a right-to-use asset nor a related lease liability for a lease agreement entered into during fiscal year 2023 which met the requirements of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*.

During our testing of the completeness of the University's lease agreement detail, we noted a five-year lease agreement for copiers and printers that was not included. The University's year-end assets and liabilities would have increased by approximately \$2,800,000 if this lease was accounted for appropriately.

GASB Statement No. 87 states assets which an entity has a non-cancellable right to use for a period longer than one year should be captured on the statement of net position as intangible right-to-use assets and lease liabilities.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Proper internal controls should ensure all transactions are properly recorded in the financial statements.

University officials indicated during the initial determination of whether the agreement met the requirements of GASB Statement No. 87, they incorrectly determined the agreement was cancellable and therefore did not include the agreement in the analysis.

Failure to include all required lease agreements could result in a material misstatement within the University's financial statements. (Finding Code No 2023-003)

**Recommendation:**

We recommend the University add the lease to its tracking software in fiscal year 2024. We further recommend the University enhance their procedures over the review of potential lease agreements for proper inclusion within the University's financial statements.

**University Response:**

Accepted. The University will update its procedures to ensure that all leases are properly evaluated and accounted for in accordance with GASB Statement No. 87, *Leases*.

**Northern Illinois University**  
A Component Unit of the State of Illinois

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-004      Effective Interest Rate**

Northern Illinois University (the University) was not utilizing the effective interest rate method for amortizing debt premiums on bond issuances as required by generally accepted accounting principles.

During the fiscal year 2023 audit, after noting the University had been historically amortizing debt premiums using the straight line method, we requested the University calculate the related amortization using the effective interest rate method. Upon review of the calculation, the University determined there was a difference between the periodic outcomes of the two methods and converted to the effective interest rate in the current year. To switch to the correct method, the University recognized a reduction in current year interest expense of \$4,375,305. Of this amount, \$1,625,226 is the fiscal year 2023 amortization difference between the two methods while the remaining \$2,750,079 is for prior year differences.

Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, paragraph 185, states that the difference between the present value and the face amount of a bond should be treated as a discount or premium and amortized as interest expense or revenue over the life of the bond in such a way to result in a constant rate of interest when applied to the amount outstanding at the beginning of any given period. This is the effective interest rate method.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Proper internal controls should ensure management is recording amounts in accordance with generally accepted accounting principles.

University officials indicated prior to preparing the calculation, they believed the difference between the straight-line method and the effective interest rate method would not result in a significant difference. Therefore, the straight-line basis was used for consistency each year.

Failure to use the proper amortization method may cause the University's financial statements to be materially misstated. (Finding Code No. 2023-004)

**Recommendation:**

We recommend the University use the effective interest rate method to amortize bond premiums in accordance with generally accepted accounting principles.

**University Response:**

Accepted. The University adjusted the amortization of bond premiums on all outstanding bond issuances from straight-line to the effective interest method during the year ended June 30, 2023. The University will ensure that future bond issuances, if any, are in accordance with generally accepted accounting principles regarding the amortization of premium/discount.



**Northern Illinois University**  
A Component Unit of the State of Illinois

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Federal Agencies:** U.S. Department of Energy; U.S. Health and Human Services; and U.S. Department of State

**Program Names:** Research and Development Cluster; Professional and Cultural Exchange Program

**ALN #s:** 81.086, 81.049, 93.859, 19.415

**Award Numbers:** DE-EE0009418, DE-SC0021123, RGM129216B, SECAGD21CA3070; Federal Award Year 2022 – 2023

**Questioned Costs:** None

**2023-005. Finding: Cash Management – Timeliness of Subrecipient Payments**

Northern Illinois University (the University) did not make certain subrecipient payments timely under the Research and Development Cluster and the Professional and Cultural Exchange Program.

Out of 31 subrecipient payments tested which were made by the University under the Research and Development Cluster, 11 payments (35%) were not made within 30 days after receipt of the billing from the subrecipient. Payments to the subrecipients were made 35-166 days after receipt of the billing. The sample was not intended to be, and was not, a statistically valid sample.

Out of two subrecipient payments tested which were made by the University under the Professional and Cultural Exchange Program, one payment (50%) was not made within 30 days after receipt of the billing from the subrecipient. Payment to the subrecipient was made 31 days after receipt of the billing. The sample was not intended to be, and was not, a statistically valid sample.

Under Uniform Guidance (2 CFR 200.305(b)(3)), when the reimbursement method is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure subrecipient payments are made timely.

The University officials stated the payment delays were due to the additional steps required to obtain the Principal Investigator review and approval to ensure payments are proper. Additionally, payments due at the end of the calendar year were further delayed due to University closure, holidays, and regular business schedules.

Without proper program cash management policies and procedures, late subrecipient payments could result in the loss of future funding. (Finding Code No. 2023-005)

**Northern Illinois University**  
A Component Unit of the State of Illinois

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**2023-005. Finding: Cash Management – Timeliness of Subrecipient Payments (Continued)**

**Recommendation:**

We recommend the University review current processes, policies and procedures to minimize the time elapsing between the transfer of federal funds to the subrecipient.

**University Response:**

Accepted. The University will review its current processes, policies and procedures to minimize the time between the transfer of federal funds to the subrecipient.

**Northern Illinois University**  
A Component Unit of the State of Illinois

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Federal Agencies:** Department of Education

**Program Names:** Education Stabilization Fund

**ALN #s:** 84.425F

**Award Numbers:** P425F202766 - 20B; Federal Award Year 2022 – 2023

**Questioned Costs:** \$29,018

**2023-006. Finding: Period of Performance – Service Period Beyond Grant’s Period of Performance**

Northern Illinois University (the University) charged an expenditure to the grant whereby a portion of the expenditure had a service period extending beyond the grant's period of performance, and the University's controls did not detect the error.

For one out of 42 institutional expenditures tested (2.4%), a portion of one expenditure had a service period through November 28, 2027, which extends beyond the grant's period of performance of June 30, 2023, and was charged to the grant for reimbursement. The total amount charged extending beyond the period of performance was \$29,018. The sample was not intended to be, and was not, a statistically valid sample.

The period of performance for the Higher Education Emergency Relief Fund - Institutional Awarded ended on June 30, 2023.

Uniform Grant Guidance (2 CFR 200.403(h)) states that costs must be incurred during the approved budget period.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure only expenditures within the period of performance are charged to the grant.

University officials stated this was due to employee misapplication of the period of performance guidance for this maintenance agreement.

Charging an expenditure outside of the period of performance could result in the University repaying the amount requested for reimbursement or loss of future funding. (Finding Code No. 2023-006)

**Recommendation:**

We recommend the University review current processes, policies and procedures to ensure only expenditures within the period of performance are charged to a grant.

**Northern Illinois University**  
A Component Unit of the State of Illinois

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**2023-006. Finding: Period of Performance – Service Period Beyond Grant’s Period of Performance**  
**(Continued)**

**University Response:**

Accepted. This was an isolated occurrence resulting from various policy guidance governing HEERF funding. The University has controls to ensure that only expenditures within the period of performance are charged to the grant. The University will provide additional training on cost allocation to staff. In addition, the University is taking immediate steps to resolve the questioned cost.

**Northern Illinois University**  
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**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Federal Agencies:** Department of the State

**Program Names:** Professional and Cultural Exchange Program

**ALN #s:** 19.415

**Award Numbers:** SECAGD21CA3070; Federal Award Year 2022 – 2023

**Questioned Costs:** None

**2023-007. Finding: Timeliness of Federal Funding Accountability and Transparency Act Reporting**

Northern Illinois University (the University) did not timely report subaward data to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) under the Professional and Cultural Exchange Program.

One out of one subaward obligations/modifications were not reported in FSRS within the last day of the month following the month in which the subaward/subaward amendment obligation was made. The subaward modification was reported 161 days after the due date.

<b>Transactions Tested</b>	<b>Subaward not reported</b>	<b>Report not timely</b>	<b>Subaward amount incorrect</b>	<b>Subaward missing key elements</b>
1	0	1	0	0
<b>Dollar Amount of Tested Transactions</b>	<b>Subaward not reported</b>	<b>Report not timely</b>	<b>Subaward amount incorrect</b>	<b>Subaward missing key elements</b>
\$ 100,000	\$ 0	\$ 100,000	\$ 0	\$ 0

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L.No. 109-282), as amended by section 6202 of Public Law 110-252, hereafter referred as the “Transparency Act” that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS). The non-federal entity is required to report each obligating action to FSRS. The action must be reported in FSRS no later than the last day of the month following the month in which the subaward/subaward amendment was made.

Uniform Grant Guidance (2 CFR 200.303) requires nonfederal entities receiving Federal awards establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure reports are submitted timely.

The University officials stated the delayed reporting was due to workload transitions and staffing turnover.

**Northern Illinois University**  
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**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**2023-007. Finding: Timeliness of Federal Funding Accountability and Transparency Act Reporting (Continued)**

Without proper program reporting policies and procedures, the submission of late reports results in noncompliance with Federal regulation and could result in the loss of future funding. (Finding Code No. 2023-007)

**Recommendation:**

We recommend the University review current processes and procedures to ensure Federal Funding Accountability and Transparency Act reporting requirements are completed timely.

**University Response:**

Agreed. The University has already taken proactive steps to ensure Federal Funding Accountability and Transparency Act reporting requirements are completed timely.

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**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-008      Failure to Submit Proper Time Reporting**

Northern Illinois University (the University) did not require all employees to submit time sheets as required by the State Officials and Employees Ethics Act.

During our testing of 60 employees, we noted that twenty-two employees (37%) (18 faculty and 4 graduate assistants) did not submit time sheets documenting time spent each day on official State business to the nearest quarter hour.

The State Officials and Employees Ethics Act (Act) (5 ILCS 430) requires the University to adopt personnel policies consistent with the Act. The Act (5 ILCS 430/5-5 (c)) further states, "The policies shall require State employees to periodically submit time sheets documenting the time spent each day on official State business to the nearest quarter hour."

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure compliance with the Act and appropriate review of time sheets.

This finding was first noted during the examination of the year ended June 30, 2005. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated the University has a system in place that captures time worked as required by the State Officials and Employees Ethics act for salaried supportive professional staff and civil service employees. There are ongoing efforts across state institutions of higher education to explore alternative strategies to capture such data for employees fitting the faculty and graduate assistant classifications.

By not requiring appropriate time sheets from all its employees, the University lacks complete documentation of the time spent by faculty and staff on official State business as contemplated by the Act. (Finding Code No. 2023-008, 2022-004, 2021-006, 2020-006, 2019-004, 2018-005, 2017-009, 2016-009, 2015-004, 2014-003, 2013-004, 12-6, 11-3, 10-1, 09-4, 08-4, 07-7, 06-4, 05-6)

**Recommendation:**

We recommend the University continue its efforts to develop and implement a program to require all employees to submit time sheets in accordance with the Act.

**University Response:**

Accepted. The University will continue to collaborate with legislators and other universities to remove the requirement for faculty and graduate assistants. Until new legislation is passed, the University will remind departments of the current policy and monitor timesheets. Additionally, the University will transition to online time and benefit reporting, exploring automated reminders and attestations for employees.

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-009      Inadequate Controls over I-9 Forms**

Northern Illinois University (the University) has not established adequate internal controls over the appropriate completion of I-9 forms for employees hired by the University.

During our review of a sample of 17 employees hired during the period of examination, we noted the following:

- Section 1 of the I-9 form was not completed by six employees (35%) until 4 to 49 days after their first day of employment.
- Section 2 of the I-9 form was not completed by the University for the same six (35%) employees until 5 to 39 business days after the employees' first day of employment.

Instructions for U.S. Citizenship and Immigration Services (USCIS) Form I-9 requires Section 1 to 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. Employers must complete Form I-9 to document verification of the identity and employment authorization of each new employee (both citizen and noncitizen) hired after November 6, 1986, to work in the United States.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system or systems of internal fiscal and administrative controls. Effective internal controls should ensure employee I-9 forms are properly completed and adequately reviewed.

This finding was first noted during the examination of the year ended June 30, 2018. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials reported that a decentralized process, limited training, and limited centralized support to departments contributed to deficiencies in capturing the required I-9 documents.

Failure to properly complete I-9 forms results in violation of USCIS requirements and could expose the University to penalties. (Finding Code No. 2023-009, 2022-006, 2021-008, 2020-008, 2019-007, 2018-008)

**Recommendation:**

We recommend the University enhance its controls over the process of obtaining and reviewing the I-9 Forms to ensure compliance with USCIS requirements.

**University Response:**

Accepted. Student employment is the largest risk for this compliance metric. The University implemented an internal tracking solution to manage and ensure the collection and review of I-9 documents, resulting in a near-complete compliance rate in the fall of 2023. The University is evaluating an automated system to help manage this requirement for the capture and timely reporting of these documents. To meet this requirement, the University will also implement additional I-9 training for hiring departments.



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**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-010      Inadequate Controls over Procurement Card Use**

Northern Illinois University (University) has not established adequate controls over its Commercial Card Program (P-Cards).

The University operates a P-card system that allows individuals throughout the University to make small purchases (defined as less than \$5,000) on a credit card, which is directly paid by the University on a monthly basis. The University's policies require employees allowed a P-card to complete training on P-card procedures and sign an agreement stipulating they will use the card in accordance with the University's policies. The agreement must also be approved by the employee's manager prior to the P-card being issued. The University's policies require all transactions on a card to be received by the cardholder's manager. Receipts and other related support for the transaction must be provided to the manager for review with the transaction and retained. There were 393 cardholders with transactions during the period of examination who incurred a total of \$10,013,429.

During our review of a sample of 60 P-card transactions, totaling \$17,456, made by 58 employees, we noted the following:

- Four transactions (7%), totaling \$809, had no record of being approved.
- Six transactions (10%), totaling \$619, were not approved timely. The approvals ranged from one to 18 days late.
- One transaction (2%), totaling \$49, advertising for a University event, required advance approval which was not obtained.
- One employee (2%) did not complete the annual required refresher training on P-card procedures.

The University's Commercial Card Program Policies and Procedures Section V, states the approving manager must approve cardholder transactions in the card system by the 2<sup>nd</sup> business day of the following month. Additionally, Section VI states advertisement for an event must have advanced, documented approval from University Marketing and Creative Services. Section VI also states participants of the P-card program are required to take an annual refresher course on policies and procedures.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system or systems of internal fiscal and administrative controls. Effective internal controls should ensure the commercial card program policies and procedures are being followed.

This finding was first noted during the examination of the year ended June 30, 2021. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated the responsible departments did not follow the requirements of the NIU Commercial Card Program policies and procedures.

Failure to properly adhere to policies and procedures could expose the University to misuse of cards or fraudulent transactions. (Finding Code No. 2023-010, 2022-012, 2021-016)

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**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-010      Inadequate Controls over Procurement Card Use (Continued)**

**Recommendation:**

We recommend the University enhance its controls over the processing of commercial card program transactions to ensure employees comply with policies and procedures.

**University Response:**

Accepted. The University will continue to train program participants on card usage, policies, and procedures to improve understanding of requirements and consequences of non-compliance. Additionally, the University will review and update its commercial card policies and procedures to address any gaps or changes in the commercial card program.

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-011      Uncompleted Performance Reviews**

Northern Illinois University (University) did not conduct performance reviews for employees in accordance with University policies and does not require performance reviews for all categories of employees.

The University has policies in place governing the performance reviews of civil service staff, supportive professional staff (SPS), and union faculty. It does not have policies requiring performance reviews for student employees, extra-help (temporary) employees, or non-union faculty members. During our testing of 31 employees who worked at the University for the time required to perform a meaningful evaluation, we noted the following:

- Seven of the 31 (23%) employees were not covered by University performance evaluation policies and did not have an annual performance evaluation completed.
- Two of the remaining 24 (8%) employees, who were covered by the University's performance evaluation policies, did not have a performance review performed during the fiscal year in accordance with University policies.

The University's performance review policy for civil service staff and SPS specifies annual performance reviews as they are a key component of employee development. The University policy for union faculty specifies department chairs are to provide evaluations by March 15<sup>th</sup> of the previous calendar year to union faculty members in their department.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain a system, or systems, of internal fiscal and administrative controls. Effective internal controls should ensure employee performance reviews are conducted in accordance with policies and that all employees receive a performance evaluation.

This finding was first noted during the examination of the year ended June 30, 2018. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated the lack of performance evaluations was due to constraints and limitations on managing the current performance systems.

Performance evaluations are a systematic and uniform approach used for the development of employees and communication of performance expectations to employees. Performance evaluations should serve as the foundation for salary adjustments, promotion, demotion, discharge, recall, and reinstatement decisions. (Finding Code No. 2023-011, 2022-005, 2021-007, 2020-007, 2019-006, 2018-007)

**Recommendation:**

We recommend the University take appropriate measures to ensure employee performance reviews are conducted in accordance with policy and that every employee receives an evaluation.

**University Response:**

Accepted. The University established an internal tracking mechanism and adjusted timelines for the annual review period to assist with the collection of performance reviews. This resulted in a 25% improvement in collecting annual performance reviews. The University will evaluate implementing an automated system for tracking and collecting performance evaluations in fiscal year 2025.

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**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-012          Noncompliance with the Illinois Articulation Initiative Act**

Northern Illinois University (University) did not obtain approval for a minimum of one course per major under the Illinois Articulation Initiative (Initiative or IAI) for one of the 14 IAI majors offered by the University.

The Initiative, through its [itransfer.org](http://itransfer.org) website, exists to ease the transfer of students among the State's associate and baccalaureate degree granting institutions. The Initiative consists of both a General Education Core Curriculum package, where completion of the entire package at one institution is fully accepted by 108 institutions across the State, and an Initiative major, which are common courses at the lower-division level that can be used to ensure students are prepared for upper-division work at 57 institutions across the State.

During testing, we noted the University did not have a minimum of one course included within the related Initiative major for its early childhood education degree program.

The Illinois Articulation Initiative Act (110 ILCS 152/15) requires the University participate in the Initiative by maintaining a minimum of one course in the related Initiative major, if the University has an equivalent major course.

This finding was first noted during the examination of the year ended June 30, 2020. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials stated the necessary materials for the early childhood education degree program were compiled and submitted to the IAI, however, the IAI did not accept the submitted courses as being adequately aligned with the IAI's specifications. The IAI boards assess courses only twice per year.

Failure to fully participate in the Initiative by submitting, at least, one course per Initiative major could hinder students looking to transfer to other institutions and represents noncompliance with State law. (Finding Code No. 2023-012, 2022-009, 2021-013, 2020-013)

**Recommendation:**

We recommend the University develop and implement procedures to ensure compliance with the Act or seek legislative remedy.

**University Response:**

Accepted. The University will continue to engage with the IAI submission and review process during the upcoming academic year. Revised course materials for the Early Childhood Education initiative major will be re-submitted until approval can be obtained from the IAI panel for at least one course in the major. In addition, the University will continue to engage the University's legislative team to collaborate with the other Illinois public universities to support pending legislation which would remedy this concern and enable future compliance.

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-013      Inadequate Internal Controls over Census Data**

Northern Illinois University (University) did not have adequate internal control over reporting its census data 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 the 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 2021 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2022, which is incorporated into the University's Fiscal Year 2023 financial statements.

During testing, we noted the following:

- During our cut-off testing of data transmitted by the University to SURS, we noted 13 instances of an active employee becoming inactive and 1 instance of an inactive employee becoming retired were reported to SURS after the close of the fiscal year in which the event occurred. There were also 2 instances previously reported that still impacted the June 30, 2021 census data.

We provided SURS' actuary and CMS' actuary with the exceptions we identified during our testing, along with the results of census data testing at the State Employees Retirement System of Illinois, and determined the net effect of these errors, along with the errors of other plan participants, was immaterial to SURS' and CMS' pension and OPEB-related balances and activity at the plans during Fiscal Year 2022.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance funds applicable to operations are properly recorded and accounted for to permit the preparation of reliable financial reports and to maintain accountability over the State's resources.

University officials indicated the 14 exceptions occurred due to the employee separating from NIU at the end of the FY. The other two incidents are considered isolated events carried over from prior testing.

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**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-013      Inadequate Internal Controls over Census Data (Continued)**

Failure to ensure complete and accurate census data was reported to SURS reduces the overall reliability of pension and OPEB-related balances and activity reported in the University's financial statements, the financial statements of other employers within both plans, and the State of Illinois' Annual Comprehensive Financial Report. (Finding Code No. 2023-013, 2022-001, 2021-001, 2020-001)

**Recommendation:**

We recommend 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 Response:**

Accepted. The University currently has real time processes and procedures in place for processing certifications, changes, and terminations in the SURS and CMS systems. The University procedures for salaried employees is to complete an event after a vacation payout has been made to the employee. Vacation payouts are paid the pay period after an employee terminates. The University will prioritize status changes before the end of the FY when possible and will request consideration to add a 30-day grace period for processing changes following the end of the FY.

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**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-014      Uncompleted Census Data Reconciliation**

Northern Illinois University (University) did not complete its annual census data reconciliation and certifications.

During our testing, we noted the University had not reconciled changes in its State Universities Retirement System (SURS) member data to University records or submitted the required census data reconciliation certifications for fiscal year 2022 data, as required by SURS, by May 31, 2023.

In accordance with the American Institute of Certified Public Accountants' Audit and Accounting Guide: State and Local Governments, SURS stated employee census data should be reconciled annually by each university to a report provided by SURS and used by SURS' and the Department of Central Management Services' (CMS) actuaries. This reconciliation process helps mitigate the risk of using incomplete or inaccurate data and ensures the accuracy of reported pension and other post-employment benefit (OPEB) balances. Further, this reconciliation process ensures the completeness of employer and plan data, reduces payroll errors, confirms personnel files are up-to-date, and most importantly decreases the risks of financial misstatements. SURS requested the University to reconcile its Fiscal Year 2022 census data, certify to SURS that the reconciliation and eligibility review was completed, and report any potential data errors found by May 31, 2023.

In addition, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires the University to establish and maintain an effective system, or systems, of internal controls. Effective internal controls should ensure reconciliations are completed by required due dates.

University officials stated the University prioritized the completion of the full base year reconciliation but could not finish the annual incremental reconciliation due to staffing changes.

Failure to perform and submit the required certifications could lead to reduced reliability of pension and OPEB related information and balances. (Finding Code No. 2023-014)

**Recommendation:**

We recommend the University dedicate specific resources to complete annual reconciliations of census data and to submit certifications and potential errors identified by the required due date. We further recommend the University promptly reconcile the Fiscal Year 2022 census data, submit the required certifications and any potential errors noted to SURS, and work with SURS to address any differences noted.

**University Response:**

Accepted. The University prioritized completing the full base year reconciliation by June 30, 2023. A corrective action plan is in place to complete the annual reconciliation of incremental census data changes during the current fiscal year.

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-015      Inadequate Controls Over Terminated Employee User Accounts**

Northern Illinois University (University) did not terminate separated employees' user accounts having access to the University's information technology environment, applications, and data timely.

During the examination, we noted:

- The University has not developed a policy requiring reviews of an individual's access rights on at least an annual basis or that requires timely review and notification of employee separations to Human Resources (HR).
- User access was not timely terminated. Specifically:
  - Six of 15 (40%) employees, selected from a listing of terminated system access rights, did not have their system access terminated until two to 31 days after the employee left the University.
  - 16 of 20 (80%) employees, selected from a listing of terminated employees, still had active system access rights.

The *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by the National Institute of Standards and Technology, Access Control section, requires entities to ensure access is timely terminated and periodic reviews of user access are performed.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain an effective system, or systems, of internal control. Effective internal controls should ensure access to the University's information systems is limited to appropriate individuals.

This finding was first noted during the examination of the year ended June 30, 2021. In subsequent years, the University has been unsuccessful in implementing a corrective action plan.

University officials indicated user accounts were not reviewed or disabled on a timely basis due to a lack of resources.

Failure to implement effective controls over the terminating and reviewing access to the University's information systems could result in unauthorized access and manipulation of data. (Finding Code No. 2023-015, 2022-014, 2021-018)

**Recommendation:**

We recommend the University establish a policy that requires the University departments to perform an annual review of all application user accounts, and timely notify HR of any employee separations. We also recommend the University ensure separated individuals' access is timely terminated.

**University Response:**

Accepted. The University is implementing a multi-year account lifecycle project to disable terminated user accounts and prevent unauthorized access. The University will be enhancing their collection of terminated or separated user information through an automated means and introduce training for processing employment changes to unit supervisors to ensure compliance with timely delivery of information to separate employees.



**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-016      Weaknesses in Cybersecurity Programs and Practices**

Northern Illinois University (University) had weaknesses in the internal controls related to cybersecurity programs and practices.

The University relies on critical applications which store and maintain confidential, financially sensitive and personally identifiable information such as name, addresses, and Social Security numbers.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies and their cybersecurity programs and practices. Based on our testing of the University's cybersecurity programs, practices, and control of confidential information, we noted:

- One of 17 (6%) tested newly hired employees did not complete the new hire information security awareness training.
- Six of 17 (35%) tested newly hired employees did not complete the new hire information security awareness training in the required timeframe. The training was completed between 28 and 197 days late.
- One of 67 (1%) tested employees did not complete the annual information security awareness training.

The *Framework for Improving Critical Infrastructure Cybersecurity* published by the National Institute of Standards and Technology requires entities to provide cybersecurity training and communicate security policies. Additionally, the University's Information Security Awareness Training Policy requires employees to complete all assigned training within 30 days of the training being made available. The training material is made available to a newly hired employee on their first day and once annually to other employees.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain an effective system, or systems, of internal control. Effective internal controls should ensure employees complete training within the required timeframe.

University officials indicated due to limited resources, follow-up on outstanding cybersecurity training completion and acknowledgements was ineffective.

The lack of adequate cybersecurity training could result in the University's confidential and personal information being mishandled or unsecured due to lack of awareness resulting in potential vulnerabilities susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2023-016, 2022-015)

**Recommendation:**

We recommend the University ensure all employees, including new hires, complete the required training within the required timeline.

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**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-016      Weaknesses in Cybersecurity Programs and Practices (Continued)**

**University Response:**

Accepted. The University takes cybersecurity training seriously and is working on a process to include security and awareness training as part of the onboarding process for new hires. In 2023, the University implemented a manual tracking mechanism, resulting in a significant increase in compliance for employees completing the required annual training programs. The University is exploring an automated option to help further enhance compliance to reach full compliance.

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Finding 2023-017      Disaster Recovery Planning Weaknesses**

Northern Illinois University (University) did not ensure a formally approved, comprehensive disaster recovery plan was in place during the examination period.

The University relies on several computer systems for meeting its overall mission. During our examination however, we noted that while the University has a drafted disaster recovery plan for its information technology department to follow, it is not a formally approved policy. The policy also did not cover all critical portions of the University's information system and a supplemental policy was drafted after the end of the examination period to cover additional functions of the system. Additionally, testing of the plan was not performed until after the end of the examination period.

*The Contingency Planning Guide for Information Technology Systems* published by the National Institute of Standards and Technology requires entities to have an updated and regularly tested contingency plan to ensure timely recover of applications and data.

The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain an effective system, or systems, of internal controls. Effective internal controls should ensure there are formally documented policies and procedures in place to recover University data and testing is performed regularly.

University officials stated that weaknesses were due to lack of available resources.

Failure to have an approved and tested Disaster Recovery Plan could result in loss of data and inability to recover within an acceptable time period. (Finding Code No. 2023-017, 2022-016)

**Recommendation:**

We recommend the University formally approve its disaster recovery plan and test the plan at least annually.

**University Response:**

Accepted. The University will document its approval of the final Disaster Recovery Plan going forward. In addition to the restore validation of critical systems, the University will schedule and complete a more comprehensive tabletop disaster recovery exercise to include less critical systems on an annual basis.

**State Compliance Examination**

**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Prior Findings Not Repeated**

**A. Inadequate Internal Controls over Revenue Recognition**

During the prior audit, Northern Illinois University (University) did not have adequate internal controls over the recognition of revenue and unearned revenue.

During the current audit, our testing over unearned revenue balances did not identify any similar matters. (Finding Code No. 2022-002)

**B. Inadequate Internal Controls Over Contracts**

During the prior examination, Northern Illinois University (University) had not established adequate internal controls over contracts to ensure they were approved prior to performance and complied with all applicable State requirements.

During the current examination, we noted the University made improvements over its processing of contractual agreements based on our sample testing. While there was improvement, we did note some continued instances of noncompliance further described in the University's Independent Accountant's Report of Immaterial Findings as Finding Code No. IM2023-007. (Finding Code No. 2022-003, 2021-005, 2020-005, 2019-003, 2018-004, 2017-008, 2016-003, 2015-005, 2014-006, 2013-007, 12-7)

**C. Inadequate Controls over Employee Terminations**

During the prior examination, Northern Illinois University (University) failed to ensure necessary personnel actions for terminated employees occurred timely.

During the current examination, our sample testing over terminated employees did not identify any untimely removals from payroll. (Finding Code No. 2022-007, 2021-009, 2020-009, 2019-008)

**D. Subsidies between Accounting Entities**

During the prior examination, Northern Illinois University (University) had subsidies between accounting entities during the fiscal year.

During the current examination, the Legislative Audit Commission approved amendments to the University Guidelines. One of the amendments removed the prohibition on subsidies between accounting entities. (Finding Code No. 2022-008, 2021-011, 2020-011, 2019-010, 2018-011)

**E. Lack of Annual Employee Training**

During the prior examination, Northern Illinois University (University) did not conduct trainings for all its employees as required by the State Officials and Employees Ethics Act (Act).

During the current examination, we noted the University made improvements over conducting required trainings. While there was improvement, we did note some continued instances of noncompliance further described in the University's Independent Accountant's Report of Immaterial Findings as Finding Code No. IM2023-001 (Finding Code No. 2022-010, 2021-014, 2020-014)

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**Schedule of Findings (Continued)**  
**For the Year Ended June 30, 2023**

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**Prior Findings Not Repeated**

**F. Untimely Reporting of Auto Accidents**

During the prior examination, Northern Illinois University (University) did not comply with the required accident reporting procedures prescribed by the Illinois Department of Central Management Services Auto Liability Unit or with the University's internal accident reporting policy.

During the current examination, we noted the University made improvements over timely reporting of auto accidents. While there was improvement, we did note some continued instances of noncompliance further described in the University's Independent Accountant's Report of Immaterial Findings as Finding Code No. IM2023-002 (Finding Code No. 2022-011, 2021-015)

**G. Lack of Adequate Controls over the Review of Internal Controls over External Service Providers**

During the prior examination, Northern Illinois University (University) did not maintain adequate controls over its review of service providers' internal controls.

During the current examination, we noted the University had improved its controls over the review of service providers' internal controls. (Finding Code No.2022-013, 2021-017, 2020-015)