

**EASTERN ILLINOIS UNIVERSITY**

A Component Unit of the State of Illinois

**REPORTS REQUIRED UNDER  
GOVERNMENT AUDITING STANDARDS**

For the Year Ended June 30, 2024

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

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**FINANCIAL AUDIT**  
For the Year Ended June 30, 2024

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Other Reports Issued Under a Separate Cover

Eastern Illinois University's *Federal Single Audit* and *State Compliance Examination* for the year ended June 30, 2024 will be issued under separate covers. Additionally, the University's financial statements as of and for the year ended June 30, 2024 have been issued under a separate cover.

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**University Officials**

President	Dr. Jay Gatrell
Interim Provost and Vice Pres. for Academic Affairs (7/1/23 – 2/13/24)	Dr. Ryan C. Hendrickson
Provost and Vice President for Academic Affairs (2/14/24 – present)	Dr. Ryan C. Hendrickson
Vice President for Business Affairs	Mr. Matthew J. Bierman
Vice President for Student Affairs	Ms. Anne Flaherty
Vice President for University Advancement (7/1/23 – 2/4/24)	Vacant
Vice President for University Advancement (2/5/24 – present)	Ms. Miranda L. Spencer
Director of Business Services and Treasurer	Mr. Michael Hutchinson, CPA
General Counsel	Mr. Austin J. Hill
Director of Internal Auditing (7/1/23 – 12/31/23)	Vacant
Director of Internal Auditing (1/1/24 – present)	Ms. Natalee Black, CPA

**Board of Trustees (as of June 30, 2024)**

Chairperson	Mr. C. Christopher Hicks
Vice Chairperson	Ms. Julie Everett
Secretary	Dr. Audrey Edwards
Member – Pro Tem	Ms. Barb Baurer
Member	Ms. Joyce Madigan
Member	Dr. Bernie C. Rancho
Member	Dr. Timi Ngoboh
Student Member	Mr. August Biernbaum

**University Office**

Eastern Illinois University's primary administrative office is located at 600 Lincoln Avenue, Charleston, Illinois, 61920.

**EASTERN ILLINOIS UNIVERSITY**  
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**FINANCIAL AUDIT**  
For the Year Ended June 30, 2024

**REPORT REQUIRED UNDER GOVERNMENT AUDITING STANDARDS**

**SUMMARY**

The audit of the financial statements of Eastern Illinois University (University) was performed by Plante & Moran, PLLC in accordance with *Government Auditing Standards*. This report is an integral part of that audit.

Based on their audit, the auditors expressed an unmodified opinion on the University’s basic financial statements, issued under a separate cover.

**SUMMARY OF FINDINGS**

The auditors identified two matters involving the University’s internal control over financial reporting that they considered to be a material weakness or a significant deficiency. Further, the auditors identified one noncompliance matter.

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
<b>Current Findings</b>				
2024-001	5	2023/2020	Inadequate Controls over census data	Material Weakness and Noncompliance
2024-002	9	New	Improper Revenue Recognition for Insurance Proceeds	Significant Deficiency
<b>Prior Findings Not Repeated</b>				
A	11	2023/2022	Weakness in Preparation of Year-End Financial Statements	
B	11	2023/2019	Lack of Adequate Review of Service Providers’ Internal Controls	

**EXIT CONFERENCE**

The University waived an exit conference in a correspondence from Mike Hutchinson, Director of Business Services and Treasurer, on December 16, 2024. The response to the recommendation for item 2024-001 was provided by Mike Hutchinson, Director of Business Services and Treasurer, in a correspondence dated February 8, 2024. The response to the recommendation for item 2024-002 was provided by Mike Hutchinson, Director of Business Services and Treasurer, in a correspondence dated December 16, 2024.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

**Independent Auditor's Report**

To the Honorable Frank J. Mautino  
Auditor General  
State of Illinois

and

Board of Trustees  
Eastern Illinois University

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, fiduciary activities and the aggregate discretely presented component units of Eastern Illinois University (the "University"), collectively a component unit of the State of Illinois, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the University's basic financial statements and we have issued our report thereon dated December 19, 2024. Our report includes a reference to other auditors who audited the financial statements of Eastern Illinois University Foundation and Eastern Illinois University Alumni Association, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings as items 2024-001 through 2024-002, we identified a certain deficiency in internal control that we consider to be a material weakness and a significant deficiency.

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, misstatements 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 a material misstatement of the University's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings as item 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings as item 2024-002 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings as item 2024-001.

### **University's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the University's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The University's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**SIGNED ORIGINAL ON FILE**

December 19, 2024

**EASTERN ILLINOIS UNIVERSITY**  
A Component Unit of the State of Illinois  
**SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS**  
For the Year Ended June 30, 2024

**2024-001. Finding – Inadequate Internal Controls over Census Data**

The Eastern 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 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 2022 to project pension and OPEB-related balances and activity at the plans during Fiscal Year 2023, which is incorporated into the University's Fiscal Year 2024 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.
- 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 previous cut-off testing of data transmitted by the University to SURS, we noted 2 instances of an inactive employee becoming active were reported to SURS after the close of the fiscal year in which the event occurred. We also noted 4 instances whereby service credit was different by a total of 6.50 years. All of these instances have been previously reported, however still impacted the June 30, 2022 census data.

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- During our testing of instructor eligibility testing, we noted 19 instructors were not reported as eligible to participate in SURS by the University. All of these instances have been previously reported, however still impacted the June 30, 2022 census data. SURS determined the total potential impact of these errors was the instructors' service credit was off by a combined 41.5 years.

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 2023.

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.

Additionally, eligibility criteria for participation in SURS under the Illinois Pension Code (Code) (40 ILCS 5/15-134(a)) states any person who is an employee of the University becomes a participant in SURS. Under the Code (40 ILCS 5/15-107), an employee is any member of the educational, administrative, secretarial, clerical, mechanical, labor, or other staff of an employer whose employment in a position in which services are expected to be rendered on a continuous basis for at least four months or an academic term, whichever is less:

- 1) not a student employed on a less than full-time temporary basis;
- 2) not receiving a retirement or disability annuity from SURS;
- 3) not on military leave;
- 4) not eligible to participate in the Federal Civil Service Retirement System,
- 5) not currently on a leave of absence without pay more than 60 days after the termination of SURS' disability benefits;
- 6) not paid from funds received under the Federal Comprehensive Employment and Training Act as a public service employment program participant hired on or after July 1, 1979;
- 7) not a patient in a hospital or home;
- 8) not an employee compensated solely on a fee basis where such income would net earnings from self-employment;
- 9) not providing military courses pursuant to a federally-funded contract where the University has filed a written notice with SURS electing to exclude these persons from the definition of an employee;
- 10) currently on lay-off status of not more than 120 days after the lay-off date;
- 11) not on an absence without pay of more than 30 days; and,
- 12) a nonresident alien on a visa defined under subparagraphs (F), (J), (M), or (Q) of Section 1101(a)(15) of Title 8 of the United States Code who (1) has met the Internal Revenue Service's substantial presence test and (2) became an employee on and after July 1, 1991.



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In addition, the Code (40 ILCS 5/15-157) requires the University to, at a minimum, withhold contributions of each employee's total compensation of 8% (9.5% for firefighters or police officers) for their participation in SURS, unless further contributions by the employee would either exceed the maximum retirement annuity in the Code (40 ILCS 5/15-136(c)) or the Tier 2 earnings limitation within the Code (40 ILCS 5/15-111(b)), and remit these amounts to SURS. Further, the Code (40 ILCS 5/15-155(b)) requires the University remit employer contributions to SURS reflecting the accruing normal costs of an employee paid from federal or trust funds.

Finally, for CMS' OPEB plan, we noted participation in OPEB is derivative of an employee's eligibility to participate in SURS, as members of SURS participate in OPEB as annuitants under the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3(b)).

University officials indicated the base year reconciliation process was not established until Fiscal Year 2021, which is currently being performed by University staff. In addition, they indicated the late reported events were due to employees being paid one pay period after the occurrence of the reporting event. For example, a retirement that occurs on June 30, would still have one pay to be made in July. The timing of that payment would depend on whether the employee was a bi-weekly or monthly employee. Finally, they indicated the instructors were not reported to SURS due to the University utilizing a different reasonable and good faith interpretation of the Code's eligibility requirements.

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. Further, failure to report all eligible employees to SURS may result in employees not receiving the pension and OPEB benefits they are entitled to receive under the Code and the Act. (Finding Code No. 2024-001, No. 2023-001, 2022-001, 2021-001, 2020-001)

**RECOMMENDATION**

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

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Finally, we recommend the University ensure all eligible employees are reported to SURS, along with any required employee and employer contributions.

**UNIVERSITY RESPONSE**

The University accepts the recommendation. The University continues to work on the completion of the initial full reconciliation. The University will work to improve the reporting of all reportable events in accordance with the rules established by the Code and administrative rules.

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**2024-002. Finding - Inadequate Internal Controls over Recognition of Insurance Proceeds Received**

Eastern Illinois University (University) did not have adequate internal controls over insurance proceeds received to ensure amounts were recognized as revenue in the correct period.

During testing, the auditors noted the University recorded \$1,562,761 of insurance proceeds received during FY 2024 as deferred revenue; however, the insurance proceeds related to an insurance claim that was processed, approved and paid by the insurer and therefore should have been recorded as revenue, which resulted in an understatement of revenue and overstatement of deferred revenue.

Governmental Accounting Standards Board (GASB) Statement 42 paragraph 21, states in business-type activities in financial statements, restoration or replacement of an impaired capital asset should be reported as a separate transaction from the impairment loss and associated insurance recovery. The impairment loss should be reported net of the associated insurance recovery when the recovery and loss occur in the same year. Insurance recoveries reported in subsequent years should be reported as a program revenue, nonoperating revenue, or extraordinary item, as appropriate. Insurance recoveries should be recognized only when realized or realizable. For example, if an insurer has admitted or acknowledged coverage, an insurance recovery would be realizable. As such, since the insurer has admitted coverage, the insurance recovery would be considered realized or realizable and therefore should be recorded as nonoperating revenue.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires all State agencies to establish and maintain a system, or systems, of internal fiscal and administrative controls to provide assurance that expenditures, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports. Good internal controls should ensure all insurance recovery proceeds received be recorded in the proper period in accordance with accounting principles generally accepted in the United States of America.

University officials indicated the insurance recovery proceeds received were mistakenly recorded as a deferral of revenue since restoration or replacement of the impaired capital asset had not yet been incurred.

Failure to include insurance recovery proceeds in the proper period could result in a material misstatement within the University's financial statements. (Finding Code No. 2024-002)

**RECOMMENDATION**

We recommend the University implement a review process for insurance proceeds received related to impaired capital assets to determine when the insurance recovery is deemed to be realized or realizable and the associated revenue should be recognized.

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**UNIVERSITY RESPONSE**

The University agrees with the auditor's recommendation and will develop such a review process.

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**Prior Findings Not Repeated**

**A. Finding (Weakness in Preparation of Year-End Financial Statements)**

During the prior audit, the University did not have adequate controls over the completeness and accuracy of year-end financial reporting which resulted in errors in the GAAP basis financial statements and supporting schedules provided to the auditors.

During the current audit, the University implemented controls and procedures that allowed for the complete and accurate preparation of the year-end financial reporting to be in compliance with GAAP basis financial statements. (Finding Code No. 2023-002, 2022-002)

**B. Finding (Lack of Adequate Review of Service Providers' Internal Controls)**

During the prior audit, the University had not implemented adequate controls over its service providers.

During the current audit, the University implemented controls and procedures that establish a complete and accurate population of third party service providers derived as a subset of the University's vendor population. Based upon the testing performed for a sample of the third party service providers from the listing, EIU has implemented a process to review service providers' internal controls through a documented evaluation of System and Organization Control (SOC) reports and/or an equivalent information technology (IT) security questionnaire, including ensuring service provider agreements contain requirements for security, availability, confidentiality, and privacy controls over University applications and data, obtaining bridge letters if applicable, and mapping of complementary end user controls to EIU controls. (Finding Code No. 2023-003, 2022-004, 2021-004, 2020-007, 2019-008).