

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
FEDERAL SINGLE AUDIT

(In Accordance with the Single Audit Act
and Applicable Federal Regulations)

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
FEDERAL SINGLE AUDIT
In Accordance with the Single Audit Act and Applicable Federal Regulations
For the Year Ended June 30, 2024

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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 |
| Vice President for Enrollment Management (7/1/23 – present) | Mr. Josh Norman |
| 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. Ranchero |
| 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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FEDERAL SINGLE AUDIT
In Accordance with the Single Audit Act and Applicable Federal Regulations
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FEDERAL COMPLIANCE REPORT

SUMMARY

The compliance testing performed during this audit of the Eastern Illinois University was conducted in accordance with the Single Audit Act, Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Guidance Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and *Government Auditing Standards*.

AUDITOR’S REPORT

The Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards, and the Schedule of Federal and Nonfederal Financial Activity does not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF FINDINGS

| Number of | <u>Current Report</u> | <u>Prior Reports</u> |
|---|------------------------------|-----------------------------|
| Findings | 2 | 3 |
| Repeated Findings | 1 | 3 |
| Prior Recommendations Implemented or Not Repeated | 2 | 0 |

SCHEDULE OF FINDINGS

| <u>Item No.</u> | <u>Page</u> | <u>Last/First Reported</u> | <u>Description</u> | <u>Finding Type</u> |
|---|--------------------|-----------------------------------|--|-------------------------------------|
| Current Findings – Government Auditing Standards | | | | |
| 2024-001 | 10 | 2023/2020 | Inadequate Controls over Census Data | Material Weakness and Noncompliance |
| 2024-002 | 14 | New | Inadequate Internal Controls over Recognition of Insurance Proceeds Received | Significant Deficiency |

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Current Findings – Federal Compliance

The audit did not disclose any findings required to be reported by Uniform Guidance.

Prior Findings Not Repeated

| | | | |
|---|----|-----------|---|
| A | 16 | 2023/2022 | Weakness in Preparation of Year-End Financial Statements |
| B | 16 | 2023/2019 | Lack of Adequate Review of Service Providers' Internal Controls |

EXIT CONFERENCE

Eastern Illinois University waived an exit conference in correspondence from Michael Hutchinson, Director of Business Services and Treasurer, on January 29, 2025. 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

**INDEPENDENT AUDITOR'S
REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND,
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE AND
THE SCHEDULE OF FEDERAL AND NONFEDERAL FINANCIAL ACTIVITY**

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

and

the Board of Trustees
Eastern Illinois University

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

As Special Assistant Auditors for the Auditor General, we have audited compliance by Eastern Illinois University (University) with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the University's major federal program for the year ended June 30, 2024. The University's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the University complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the University and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on compliance for each major federal program. Our audit does not provide a legal determination of the University's compliance with the compliance requirements referred to above.

Other Matter - Federal Expenditures Not Included in the Compliance Audit

The University's basic financial statements include the operations of Eastern Illinois University Foundation and the Eastern Illinois University Alumni Association, component units, which are not included in the University's Schedule of Expenditures of Federal Awards during the year ended June 30, 2024. Our compliance audit, described in the *Opinion on Each Major Federal Program*, does not include the operations of these component units because the component units engaged other auditors to perform an audit of their financial statements and, if necessary, an audit of compliance.

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

and

the Board of Trustees
Eastern Illinois University

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the University's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the University's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the University's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the University's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the University's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

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

and

the Board of Trustees
Eastern Illinois University

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and the Schedule of Federal and Nonfederal Financial Activity

We have audited the financial statements of the business-type activities, fiduciary activities, and the aggregate discretely presented component units of the University 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. We issued our report thereon, dated December 19, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. In addition, the accompanying Schedule of Federal and Nonfederal Financial Activity is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and the Schedule of Federal and Nonfederal Financial Activity are fairly stated in all material respects in relation to the basic financial statements as a whole.

SIGNED ORIGINAL ON FILE

Grand Rapids, Michigan
January 31, 2025

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
SUMMARY OF AUDITOR'S RESULTS
For the Year Ended June 30, 2024

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to the financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major federal programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with 2 C.F.R. § 200.516(a)? Yes No

Identification of major federal programs:

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|---|--------------------------------------|
| 84.007, 84.033, 84.038, 84.063, 84.268, 84.379 | Student Financial Assistance Cluster |

Dollar threshold used to distinguish between type A and type B programs: **\$750,000**

Auditee qualified as a low-risk auditee? Yes No

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.

EASTERN ILLINOIS UNIVERSITY
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SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS
For the Year Ended June 30, 2024

- 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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SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS
For the Year Ended June 30, 2024

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.

EASTERN ILLINOIS UNIVERSITY
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SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS
For the Year Ended June 30, 2024

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.

EASTERN ILLINOIS UNIVERSITY
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SCHEDULE OF FINDINGS – GOVERNMENT AUDITING STANDARDS FINDINGS
For the Year Ended June 30, 2024

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.

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

UNIVERSITY RESPONSE

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

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

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).

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

| Federal Grantor/Pass Through Grantor/Program/Grant Title | Federal Assistance Listing Number | Federal Project or Pass-Through Number | FY24 Expenditures | Passed Through to Subrecipients |
|---|-----------------------------------|--|-------------------|---------------------------------|
| U.S. DEPARTMENT OF EDUCATION | | | | |
| <i>Federal Perkins Loan Program , beginning loan balance</i> | 84.038 | * | \$ 3,631,910 | \$ - |
| <i>Federal Direct Student Loans</i> | 84.268 | * | 22,092,298 | - |
| <i>Federal Work-Study Program</i> | | | | |
| FY23 | 84.033 | * P033A221143 | 8,388 | - |
| FY24 | 84.033 | * P033A221143 | 302,982 | - |
| | | | <u>311,370</u> | <u>-</u> |
| <i>Federal Pell Grant Program</i> | | | | |
| FY23 | 84.063 | * P063P220106 | 560,352 | - |
| FY24 | 84.063 | * P063P220106 | 11,108,268 | - |
| | | | <u>11,668,620</u> | <u>-</u> |
| <i>Federal Supplemental Educational Opportunity Grants</i> | | | | |
| FY23 | 84.007 | * P007A211143 | 49,190 | - |
| FY24 | 84.007 | * P007A211143 | 212,136 | - |
| | | | <u>261,326</u> | <u>-</u> |
| Teacher Education Assistance for College And Higher Education Grants | | | | |
| FY24 | 84.379 | * P379T240106 | 558,612 | - |
| Total Student Financial Assistance Cluster | | | <u>38,524,136</u> | <u>-</u> |
| RESEARCH AND DEVELOPMENT CLUSTER | | | | |
| NATIONAL SCIENCE FOUNDATION | | | | |
| <i>Mathematical and Physical Sciences</i> | | | | |
| LEAPS-MPS: Peroxisome Targeting Chemical Technologies and Tools to Study Subcellular Chemistry | 47.049 | 2213273 | 92,018 | - |
| Passed-Through Governors State University | | | | |
| <i>NSF Technology, Innovation, and Partnerships</i> | | | | |
| NSF Engines Development Award: Advancing Smart Logistics | 47.084 | NSFEngEIU23 | 8,969 | - |
| Passed-Through Florida State College | | | | |
| <i>STEM Education</i> | | | | |
| Strengthening Building & Construction Technician Training with Alternative Energy Sources to Advance Sustainability ("B/C Alt-Energy Tech") | 47.076 | 2300938 | 18,218 | - |
| Passed-Through National University | | | | |
| <i>STEM Education</i> | | | | |
| Biology through art: an innovative, interdisciplinary approach to teaching biology | 47.076 | GR002037-2023-2026-007 | 4,719 | - |
| TOTAL NATIONAL SCIENCE FOUNDATION | | | <u>123,924</u> | <u>-</u> |
| U.S. DEPARTMENT OF THE INTERIOR | | | | |
| Passed-Through The University of Illinois | | | | |
| <i>Great Lakes Restoration</i> | | | | |
| Assessment of Asian Carp reproduction and ecosystem response in the Illinois Waterway | 15.662 | 111843-19354 | 36,212 | - |
| Passed-Through Southern Illinois University | | | | |
| <i>Great Lakes Restoration</i> | | | | |
| Assessing and improving harvest as a control measure for bigheaded carp in the Wabash River | 15.662 | 23004-226517 | 3,571 | - |
| <i>Fish and Wildlife Management Assistance</i> | | | | |
| Invasive carp movement behavior, habitat use, and population response to removal in the Wabash River | 15.608 | 24-10-226690 | 25,941 | - |
| Passed-Through Indiana Department of Natural Resources | | | | |
| <i>Fish and Wildlife Management Assistance</i> | | | | |
| Monitoring early life stages of invasive carps in the Wabash River to inform contract commercial population harvest | 15.608 | 73151 | 96,576 | - |
| Passed-Through Illinois Department of Natural Resources | | | | |
| <i>Fish and Wildlife Management Assistance</i> | | | | |
| Evaluating reproduction and genetic structure of invasive carps in the Wabash River | 15.608 | RC23FW171A | 12,441 | - |
| TOTAL U.S. DEPARTMENT OF THE INTERIOR | | | <u>174,741</u> | <u>-</u> |
| U.S. DEPARTMENT OF COMMERCE | | | | |
| Passed-Through Purdue University | | | | |
| <i>Sea Grant Support</i> | | | | |
| Monitoring Stream Restoration Impacts on Habitat and Biotic Communities in an Urban Stream | 11.417 | F0008309702119 | 6,711 | - |

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

| Federal Grantor/Pass Through Grantor/Program/Grant Title | Federal Assistance Listing Number | Federal Project or Pass-Through Number | FY24 Expenditures | Passed Through to Subrecipients |
|--|-----------------------------------|--|----------------------|---------------------------------|
| RESEARCH AND DEVELOPMENT CLUSTER (Continued) | | | | |
| NATIONAL INSTITUTE OF HEALTH | | | | |
| <i>Biomedical Research and Research Training</i> | | | | |
| Chemical biology approaches to understand interindividual variability in carboxylesterase activity | 93.859 | 1R15GM152890-01 | \$ 32,142 | \$ - |
| Total Research and Development Cluster | | | <u>337,518</u> | <u>-</u> |
| FISH AND WILDLIFE CLUSTER | | | | |
| U.S. DEPARTMENT OF THE INTERIOR | | | | |
| Passed-Through The Illinois Department of Natural Resources | | | | |
| <i>Sport Fish Restoration Program</i> | | | | |
| A Long-Term Monitoring Program of Fish Populations on the Wabash River | 15.605 | F186-R-12 | 295,904 | - |
| TRIO CLUSTER | | | | |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| <i>TRIO - Student Support Services</i> | | | | |
| <i>TRIO - Student Support Services</i> | 84.042A | P042A201555-22 | 55,043 | - |
| <i>TRIO - Student Support Services</i> | 84.042A | P042A201555-23 | 205,250 | - |
| Total TRIO Cluster | | | <u>260,293</u> | <u>-</u> |
| CHILD CARE AND DEVELOPMENT FUND (CCDF) CLUSTER | | | | |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Passed-Through The Illinois Department of Human Services | | | | |
| <i>Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCRR CCAP FY24)</i> | | | | |
| <i>Child Care and Development Block Grant (CCRR CORE FY24)</i> | 93.596 | FCSCI04630 | 137,571 | - |
| <i>Child Care and Development Block Grant (CCRR QRIS FY24)</i> | 93.575 | FCSCI04630 | 393,545 | - |
| <i>Child Care and Development Block Grant (CCRR QRIS FY24)</i> | 93.575 | FCSCI04630 | 74,269 | - |
| Passed-Through The Illinois Board of Higher Education | | | | |
| <i>Early Childhood Access Consortium for Equity</i> | 93.575 | 601-ECC-2200-EIU | 353,219 | - |
| Total CCDF Cluster | | | <u>958,604</u> | <u>-</u> |
| OTHER PROGRAMS | | | | |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | |
| Passed-Through The Illinois Department of Human Services | | | | |
| <i>Block Grants for Prevention and Treatment of Substance Abuse</i> | | | | |
| Addiction Prevention Comprehensive | 93.959 | 43CCZ03550 | 189,250 | - |
| <i>Substance Abuse and Mental Health Services Projects of Regional and National Significance</i> | | | | |
| FY24 BPCSS-Prescription Monitoring Program | 93.243 | 4100175475 | 57,027 | - |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <u>246,277</u> | <u>-</u> |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Passed-Through the Illinois Board of Higher Education | | | | |
| <i>Education Stabilization Fund</i> | | | | |
| <i>Illinois Governor's Emergency Education Relief Fund (GEER)</i> | 84.425C | 601-GEE-2200-EIU | 83,296 | - |
| <i>Fund for the Improvement of Postsecondary Education</i> | | | | |
| EIU GYO Teacher Shortage Program for Rural and Small Urban Districts | 84.116 | P116Z220168 | 192,900 | - |
| TOTAL DEPARTMENT OF EDUCATION | | | <u>276,196</u> | <u>-</u> |
| U.S. DEPARTMENT OF JUSTICE | | | | |
| Passed-Through Illinois State Police | | | | |
| <i>Bulletproof Vest Partnership Program</i> | | | | |
| Bulletproof Vest Partnership Grant | 16.607 | P116Z220168 | 1,832 | - |
| U.S. SMALL BUSINESS ADMINISTRATION | | | | |
| Passed-Through Illinois Department of Commerce & Economic Opportunity | | | | |
| <i>Small Business Development Centers</i> | | | | |
| Small Business Development Centers | 59.037 | 23-18113 | 11,593 | - |
| Small Business Development Centers | 59.037 | 23-185113 | 42,948 | - |
| TOTAL U.S. SMALL BUSINESS ADMINISTRATION | | | <u>54,541</u> | <u>-</u> |
| Total Other Programs | | | <u>578,846</u> | <u>-</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u>\$ 40,955,301</u> | <u>\$ -</u> |

* Denotes Federal Major Program

EASTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

NOTE 1 – BACKGROUND

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal award programs of the University. The SEFA includes all federal awards received directly from federal agencies as well as federal financial awards passed through other agencies.

Summary of Significant Accounting Policies – Basis of Presentation

The SEFA includes the federal awards activity of the University and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. Because the SEFA presents only a selected portion of the operations of the University, it is not intended to and does not present the financial position, changes in net position, or cash flows of the University.

NOTE 2 – FEDERAL STUDENT LOAN PROGRAMS

During the fiscal year ended June 30, 2024, the University issued new loans to students under the Federal Direct Student Loan Program. The loan amounts issued during the year are disclosed on the SEFA. The University is responsible only for the performance of certain administrative duties with the respect to federally guaranteed student loan programs and accordingly, balances and transactions relating to these loan programs are not included in the University's basic financial statements. Therefore, it is not practicable to determine the balance of loans outstanding to students and former students of the University at June 30, 2024.

In addition, the University participates in the Federal Perkins Loan Program. The Loan program is directly administered by the University and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year, loans made during the year and administrative cost allowance are included in the federal expenditures presented in the SEFA. The outstanding balance at June 30, 2024 was \$3,443,900. There were no new loans issued through the Federal Perkins Program during the year ended June 30, 2024.

NOTE 3 – NON-CASH ASSISTANCE

The University did not receive any federal non-cash assistance during the fiscal year ended June 30, 2024.

**EASTERN ILLINOIS UNIVERSITY
A COMPONENT UNIT OF THE STATE OF ILLINOIS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024**

NOTE 4 – INSURANCE PAYMENTS

There was no federally-funded insurance in effect during the fiscal year ended June 30, 2024.

NOTE 5 – FEDERAL DEPOSITORY LIBRARY PROGRAM

The University's Library serves as a depository library for the U.S. Government Publishing Office's Federal Depository Library Program. The University is the legal custodian of government publications received under this program, however, these publications remain the property of the federal government.

EASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FEDERAL AND NONFEDERAL FINANCIAL ACTIVITY
For the Year Ended June 30, 2024

Schedule A - Federal Financial Component

| | |
|--|----------------------|
| Total federal expenditures reported on SEFA ¹ | \$ 40,955,301 |
| Total Schedule A | <u>\$ 40,955,301</u> |

Schedule B - Total Financial Component

| | |
|---|-----------------------|
| Total operating expenses ² | \$ 173,520,445 |
| Total nonoperating expenses ² | 3,989,773 |
| Federal loan balances: ^{1,4} | |
| Perkins Loan Program | 3,631,910 |
| Total value of new federal loans: ^{1,5} | |
| Federal Direct Student Loans | 22,092,298 |
| Other noncash federal award expenditures ³ | - |
| Total Schedule B | <u>\$ 203,234,426</u> |

Schedule C

| | | |
|---------------------------|-----------------------|----------------|
| Total Schedule B | \$ 203,234,426 | 100.000% |
| Total Schedule A | <u>40,955,301</u> | <u>20.152%</u> |
| Total nonfederal expenses | <u>\$ 162,279,125</u> | <u>79.848%</u> |

¹ Obtained from the Schedule of Expenditures of Federal Awards

² Obtained from the Statement of Revenues, Expenses, and Changes in Net Position

³ Obtained from the Notes to the Schedule of Expenditures of Federal Awards

⁴ Balance at the beginning of the fiscal year with continuing compliance requirements

⁵ Balance of loans issued during the fiscal year