

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION

For the Year Ended June 30, 2023

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

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2023

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NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2023

University Officials

President (06/01/18 to 06/30/23)	Dr. Gloria Gibson
Interim President (07/01/23 to Present)	Dr. Katrina Bell-Jordan
Vice President for Finance and Administration/Treasurer (12/25/21 to 03/31/24)	Mr. Manish Kumar
Interim Vice President for Finance and Administration/Treasurer (04/01/24 to Present)	Ms. Beni Ortiz
University General Counsel (09/20/21 to 10/03/23)	Mr. G.A. Finch
Interim University General Counsel (10/04/23 to Present)	Ms. Nicki Bazer
Director of Internal Audit (09/11/17 to 01/06/23)	Ms. Rita Moore
Director of Internal Audit (01/07/23 to 09/17/23)	Vacant
Director of Internal Audit (09/18/23 to Present)	Ms. Chrystal Temples

Board Officers

Chair (Member expiration 01/16/23)	Mr. Jim Palos
Chair (Member since 01/17/23, 03/06/23 to 01/29/24)	Mr. Jose Rico
Chair (elected 02/15/24)	Mr. J. Todd Phillips
Vice Chair (Member expiration 01/16/23)	Ms. Sherry Eagle
Vice Chair (Member since 01/17/23, elected 03/06/23)	Mr. Marvin Garcia
Secretary (Member expiration 01/16/23)	Mr. Jonathan Stein
Secretary (Member since 01/31/23, elected 03/06/23)	Mr. J. Todd Phillips
Secretary (elected 02/15/24)	Ms. Anna Meresidis

Board Members

Member (10/04/06 to 01/16/23)	Mr. Jim Palos
Member (01/17/23 to 01/29/24)	Mr. Jose Rico
Member (10/04/06 to 01/16/23)	Mr. Carlos Azcoitia
Member (01/17/23 to 01/30/23)	Vacant
Member (Appointed 01/31/23)	Dr. Paula Wolff
Member (02/27/17 to 01/16/23)	Ms. Sherry Eagle
Member (01/17/23 to 03/15/23)	Vacant
Member (Appointed 03/16/23)	Ms. Betty Fleurimond
Member (03/28/11 to 01/30/23)	Mr. Jonathon Stein
Member (Appointed 01/31/23)	Mr. J. Todd Phillips
Member (05/16/19 to 01/31/23)	Mr. Charles Serrano
Member (02/01/23 to 08/06/23)	Vacant

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2023

Board Members
(Continued)

Member (Appointed 08/07/23)	Mr. Anna Meresidis
Member	Mr. Marvin Garcia
Member	Ms. Anna Kalayil
Member (07/01/22 to 03/15/23)	Vacant
Member (Appointed 03/16/23)	Ms. Michelle Morales
Member (07/01/22 to 05/21/23)	Vacant
Member (Appointed 05/22/23)	Mr. Jorge Leon
Member (01/30/24 to present)	Vacant
Student Member (07/01/22 to 06/30/23)	Ms. Shyrice Howell
Student Member (07/01/23 to 06/30/24)	Mr. Edwin Medina

University Office

Northeastern Illinois University's primary administrative office is located at 5500 N. St. Louis Avenue, Chicago, Illinois 60625.

May 8, 2024

Plante & Moran, PLLC
750 Trade Centre Way
Suite 300
Portage, MI 49002

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 Northeastern Illinois University (the “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 year 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. Other than what was previously disclosed in the Schedule of Findings, 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,

Northeastern Illinois University

SIGNED ORIGINAL ON FILE

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Dr. Katrina Bell-Jordan
Interim President

SIGNED ORIGINAL ON FILE

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Ms. Beni Ortiz
Interim Vice President
Finance and Administration

SIGNED ORIGINAL ON FILE

51E574E0AE9B451...
Ms. Nicki Bazer
Interim General Counsel

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the 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 or disclaimers but does contain a modified opinion on compliance and identifies material weaknesses over internal control over compliance.

SUMMARY OF FINDINGS

Number of	<u>Current Reports</u>	<u>Prior Reports</u>
Findings	13	12
Repeated Findings	9	8
Prior Recommendations Implemented or Not Repeated	3	8

SCHEDULE OF FINDINGS

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings				
2023-001	10	2022/2020	Inadequate Internal Controls over Census Data	Material Weakness/ Noncompliance
2023-002	13	2022/2022	Lack of Adequate Controls over Year End Reviews and Reconciliations	Material Weakness/ Noncompliance
2023-003	15	2022/2022	Noncompliance with Fiscal Control and Internal Audit Act	Material Weakness/ Noncompliance
2023-004	17	2022/2019	Lack of Adequate Controls over Review of Internal Controls over Service Providers	Significant Deficiency/ Noncompliance
2023-005	19	2022/2017	Weaknesses over Computer Security	Significant Deficiency/ Noncompliance

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2023

SCHEDULE OF FINDINGS (continued)

<u>Item No.</u>	<u>Page</u>	<u>Last/First Reported</u>	<u>Description</u>	<u>Finding Type</u>
Current Findings (continued)				
2023-006	21	New	Lack of Adequate Change Management Controls	Significant Deficiency/ Noncompliance
2023-007	23	2022/2020	Noncompliance with Grant Report Requirements	Significant Deficiency/ Noncompliance
2023-008	25	2022/2019	Weaknesses in Cybersecurity Programs and Practices	Significant Deficiency/ Noncompliance
2023-009	27	New	Noncompliance with College Student Immunization Act	Significant Deficiency/ Noncompliance
2023-010	29	New	Noncompliance with the Campus Security Enhancement Act of 2008	Significant Deficiency/ Noncompliance
2023-011	30	New	Inadequate Controls over Personnel Files	Significant Deficiency/ Noncompliance
2023-012	31	2022/2018	Inadequate Controls over University Property and Equipment	Significant Deficiency/ Noncompliance
2023-013	33	2022/2018	Weakness Regarding Clearing of Data from Electronic Devices	Significant Deficiency/ Noncompliance

Prior Findings Not Repeated

A	35	2022/2022	Insufficient Controls over Expenses Charged to TRIO Grant
B	35	2022/2022	Insufficient Controls over Payroll Charged to a Research Grant
C	35	2022/2013	Lack of Disaster Contingency Plan

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
STATE COMPLIANCE EXAMINATION
For the Year Ended June 30, 2023

EXIT CONFERENCE

The University waived an exit conference in a correspondence from Chrystal Temples, Director of Internal Audit, on May 2, 2024. The responses to the recommendations were provided by Chrystal Temples, Director of Internal Audit, in a correspondence dated May 1, 2024.

INDEPENDENT ACCOUNTANT'S REPORT
ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

The Board of Trustees
Northeastern Illinois University

Report on State Compliance

As Special Assistant Auditors for the Auditor General, we have examined compliance by Northeastern Illinois University (the "University") 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 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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Northeastern Illinois University

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 with the specified requirements in all material respects. 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 with the specified requirements, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our modified opinion.

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

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

Our examination disclosed material noncompliance with the following specified requirements applicable to the University during the year ended June 30, 2023. As described in the accompanying Schedule of Findings as items 2023-001 through 2023-003, the University had not complied, in all material respects, with applicable laws and regulations, including the State uniform accounting system, in its financial and fiscal operations.

In our opinion, except for the material noncompliance with the specified requirements described in the preceding paragraph, the University complied with the specified requirements during the year ended June 30, 2023, in all material respects. 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 2023-004 through 2023-013.

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 to determine the examination procedures that

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Northeastern Illinois University

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.

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 have not been identified. However, as described in the accompanying Schedule of Findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 in internal control is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material noncompliance with the specified requirements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2023-001 through 2023-003 to be material weaknesses.

A significant deficiency in internal control 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 deficiencies described in the accompanying Schedule of Findings as items 2023-004 through 2023-013 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

Portage, MI
May 8, 2024

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2023

2023-001. FINDING – Inadequate Internal Controls over Census Data

Northeastern 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.

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

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2023

2023-001. FINDING – Inadequate Internal Controls over Census Data (Continued)

The auditors 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.

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.

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

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2023

2023-001. FINDING – Inadequate Internal Controls over Census Data (Continued)

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 the difficulty in timely reporting events which occur near the end of the fiscal year to SURS. Finally, they indicated the one instructor was not reported to SURS due to oversight.

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. 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.

UNIVERSITY RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2023

2023-002 FINDING - Lack of Adequate Controls Over Year-end Reviews and Reconciliations

The Northeastern Illinois University (University) did not timely complete and did not have adequate reviews of its year-end reconciliations.

During our testing we noted the following:

1. We found multiple invoices with improper cutoff between Fiscal Year 2023 and Fiscal Year 2024, including items that were recorded in 2024 that should have been recorded in 2023 and vice versa.

We noted (a) one Fiscal Year payment for 4 invoices totaling \$310,443 which should have been accrued for in Fiscal Year 2023, (b) one invoice totaling \$100,950 which should have been accrued for in Fiscal Year 2023, and (c) one vendor with 3 invoices totaling \$15,000 which should have been accrued for in Fiscal Year 2024 but were accrued for in Fiscal Year 2023.

2. When University went live on April 16, 2023 with their new Payroll and Human Resources system there were conversion issues with how the activity was calculated and recorded in the University's general ledger. Several corrections had to be made to both employee pay and amounts posted into the University's general ledger. Due to the inability to get accurate data from the new system, the University recorded estimates for deferred faculty pay and accrued sick and vacation as of June 30, 2023, based on historical trend information and recorded an additional liability of \$483,130. The University also recorded an entry in late October for retroactive pay of \$1,245,337 that was paid in July 2023 for Fiscal Year 2023.
3. The University did not timely reconcile federal and state grant receivables and revenue. Once reconciled in October 2023, the University recorded a receivable of \$1,502,692, federal grant revenues of \$2,029,994, and a net reduction of state grant and other grant revenues by \$527,757.
4. The University did not complete a final analysis and recording of subscription-based information technology arrangements (SBITAs) (effective for FY23) until November 2023. The amounts recorded increased assets by \$3,326,049, liabilities (current and noncurrent) by \$3,009,333, as well as impacted several expense accounts including rent expense and amortization.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2023

2023-002 FINDING - Lack of Adequate Controls Over Year-end Reviews and Reconciliations (Continued)

Per Governmental Accounting Standards Board (GASB) Statement 62, certain aspects of the Financial Accounting Standards Board (FASB) and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure statements and guidance provide clarity on the treatment of most exchange expense transactions, in which they are required to be accounted for in the year of good or services being provided. As such, the University should accrue for any and all items identified through its initial closing period that relate to the fiscal year, in such fiscal year.

Per Governmental Accounting Standards Board (GASB) Statement 96 – *Subscription-Based Information Technology Arrangements (SBITAs)* defines and establishes when a contract results in a right-to-use subscription asset and a corresponding subscription liability. The standard also provides the capitalization/amortization criteria for the asset.

Additionally, the Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system of internal fiscal and administrative controls to provide assurance that expenditures and transfers of assets are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports.

University officials indicated that the lack of timely and accurate year end reviews and reconciliations was due to lack of resources and oversight during a labor-intensive Payroll and Human Resource System implementation.

Failure to maintain adequate internal controls over year-end reconciliations and reports could result in incorrect financial reporting. (Finding Code No. 2023-002, 2022-004)

RECOMMENDATION

We recommend the University strengthen its internal controls by performing timely and accurate reconciliations throughout the year, as well as, at year end. In addition, we recommend the University closely monitor allocation of resources based on priorities to ensure there are sustained internal controls on a consistent basis.

UNIVERSITY RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2023

2023-003 FINDING - Noncompliance with the Fiscal Control and Internal Auditing Act

Northeastern Illinois University (University) did not comply with the Fiscal Control and Internal Auditing Act (FCIAA).

During testing of the University’s Fiscal Year 2023 internal auditing activities, we noted the following:

1. The Internal Auditor did not conduct any audits of major systems of internal accounting and administrative control;
2. The Internal Auditor did not conduct reviews of the design of two major new software systems before their installations;
3. The Internal Auditor position was vacant from January 7, 2023 through September 17, 2023; and
4. The University President did not provide a certification by May 1, 2023 that the University’s systems of internal fiscal and administrative controls did or did not fully comply with the requirements of the FCIAA.

FCIAA (30 ILCS 10/2003(a)) requires the University’s internal auditing program to include audits of major systems of internal accounting and administrative control conducted on a periodic basis so that all major systems are reviewed at least once every two years. FCIAA also requires reviews of the design of major new electronic data processing systems and major modifications of those systems before their installation to ensure the systems provide for adequate audit trails and accountability.

FCIAA (30 ILCS 10/3003) requires the University’s chief executive officer, by May 1 of each year, to prepare and transmit to the Auditor General a certification that the systems of internal fiscal and administrative controls of the State agency fully comply or do not fully comply with the requirements of this act. If the systems do not fully comply with the requirements of this Act, the certification shall include a report describing any material weaknesses in the systems of internal fiscal and administrative controls and the plans and schedule for correcting the weaknesses, or a statement of the reasons why the weaknesses cannot be corrected.

University officials stated upper management asked the internal auditor to be heavily involved in the implementation of the fixed asset database system project which delayed the audits of major systems of internal accounting and administrative control conducted on a periodic basis. This resulted in no internal audits during FY23. In addition, the internal audit position was vacant from the period January 7, 2023 through September 17, 2023 resulting in no one on staff to review the new purchasing software and payroll/HR systems that were implemented during FY23. Due to a lack of internal audit staff, there was no preparation of the certification of the systems of internal fiscal and administrative controls of the University for the President to certify by May 1, 2023.

Lack of timely audits of major systems, proper internal audit staffing, and review of the design of new software system implementations inhibits the University’s ability in monitoring the effectiveness of its system of internal controls and results in noncompliance with the Act.

NORTHEASTERN ILLINOIS UNIVERSITY
A Component Unit of the State of Illinois
SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2023

2023-003 FINDING - Noncompliance with the Fiscal Control and Internal Auditing Act (Continued)

Failing to submit the annual certification is noncompliance with the Act. (Finding Code No. 2023-003, 2022-011)

RECOMMENDATION

We recommend the University ensure audits of major systems of internal accounting and administrative controls and new major software systems are completed as required activities in accordance with the FCIAA. We also recommend the Internal Auditor complete a post implementation review of both major system implementations.

UNIVERSITY'S RESPONSE

The University agrees with the recommendation.

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2023-004 FINDING – Lack of Adequate Controls over Review of Internal Controls over Service Providers

The Northeastern Illinois University (University) did not document independent internal control reviews over service providers.

The University entered into agreements with various service providers to assist with significant processes such as (1) receipts processing for online credit card payments, (2) disbursement processing of purchasing card, (3) handling of Perkins student loans, (4) tracking of property and equipment, and (5) hosting its Enterprise Application System.

We requested the University to provide a population of service providers. In response to this request, the University provided a listing of service providers. However, our testing noted the listing contained all vendors of the University Technology Services. In addition, we identified service providers from testing that were not on the list. Due to this deficiency, we were unable to conclude the University's records were sufficiently precise and detailed under the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C § 330, AU-C § 530, and AT-C § 205.36) to test the University's controls over service providers.

Even given the population limitation, we selected five service providers from the listing provided by the University. During our testing, we noted the University had not:

- Established a documented and comprehensive policy or procedures to guide vendor's due diligence when onboarding third-party service provider.
- Established documented policies and procedures to monitor performance and contractual compliance of service providers.
- Mapped the Comprehensive User Entity Controls (CUECs) noted in service providers' to existing internal controls at the University.

This finding was first reported in Fiscal Year 2019. In subsequent years, the University has been unsuccessful in implementing adequate controls and procedures to ensure appropriate security structure is established at the service providers.

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 (NIST), Maintenance and System and Service Acquisition sections, requires entities outsourcing their IT environment or operations to obtain assurance over the entities internal controls related to the services provided. Such assurance may be obtained via System and Organization Control reports or independent reviews.

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 to provide assurance that revenues, expenditures, and transfers of assets, resources, or funds applicable to operations are properly recorded and accounted for to permit the preparation of

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2023-004 FINDING – Lack of Adequate Controls over Review of Internal Controls over Service Providers (Continued)

accounts and reliable financial and statistical reports and to maintain accountability over the State's resources.

University management indicated the conditions noted were due to the complexities of implementing, coordinating, and executing a University wide program.

Without maintaining a complete list of service providers and proper documentation of its review of the CUECs relevant to the University, the University does not have assurance the service provider's internal controls are adequate. Failure to include a requirement in the contracts with service providers for independent review and monitoring specified performance, problems encountered, and compliance with contractual terms may result in obligations and services not being met and not timely detected and corrected. (Finding Code No. 2023-004, 2022-003, 2021-003, 2020-003, 2019-020)

RECOMMENDATION

We recommend the University strengthen its controls in identifying and documenting all service providers. Further, we recommend the University:

- Continue to obtain and document its review of SOC reports (including subservice organizations) or conduct independent internal control reviews at least annually.
- Establish a regular review process to monitor specified performance measures, problems encountered, and compliance with contractual terms with the service providers.
- Monitor and document the operation of the CUECs relevant to the University's operations.

UNIVERSITY RESPONSE

The University agrees with the recommendation.

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2023-005 FINDING – Weaknesses in Computer Security

Northeastern Illinois University (University) has not adequately safeguarded their computing environment.

During our review, we noted the following;

- There are no defined frequency requirements for User Access Reviews in the University’s Account Management Policy.
- 22 of 179 servers (12%) and 112 of 2,091 (5%) workstations (including laptops) contained outdated and unsupported operating systems.
- 3 of 10 (30%) new Banner users tested did not have documented access approvals prior to being granted Banner access.
- 7 of 7 (100%) terminated Banner users tested were still active in the Banner system after their termination.
- We were unable to obtain documentation that user access listings sent to University divisions and departments were reviewed and/or updated within Banner.
- We noted 6 of 25 users (24%) tested had unnecessary Enterprise Service Management Procurement (ESM) access per supervisors’ responses. We also noted one terminated user had active ESM access.
- We were unable to obtain access validation response for 5 of 20 (25%) Banner users tested.

This finding was first reported in Fiscal Year 2017. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve its controls over computer security.

The Framework for Improving Critical Infrastructure Cybersecurity and 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 develop access provisioning policies and establish controls to ensure authorized users only have needed access.

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 funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State’s resources.

University officials stated staffing constraints, turnover and competing priorities resulted in a lack of awareness of importance of responding timely to user access reviews, as well as adding and terminating employees from the systems in a timely manner.

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2023-005 FINDING – Weaknesses in Computer Security (Continued)

Failure to have adequate security over computing resources increases the risk of unauthorized access to the computing environment. (Finding Code No. 2023-005, 2022-002, 2021-002, 2020-002, 2019-018, 2018-021, 2017-018).

RECOMMENDATION

We recommend the University perform and document a periodic review of system access rights to ensure access rights are appropriate and based on job requirements. We also recommend the University to periodically upgrade or decommission unsupported systems as necessary.

UNIVERSITY RESPONSE

The University agrees with the recommendation.

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2023-006 Finding: Lack of Adequate Change Management Controls

Northeastern Illinois University (University) did not have adequate Change Management Controls.

The University currently does not have or enforce adequate change management controls for its key systems. Additionally, the University does not have adequate change monitoring controls to validate that all implemented changes were approved.

During our review, we noted the following:

- The University was unable to provide a complete and accurate report of changes to Banner. Due to this condition, we were unable to conclude the University’s population records were sufficiently precise and detailed the Professional Standards promulgated by the American Institute of Certified Public Accountants (AU-C Sec. 500.08 and AT-C Sec. 205.36). Even given the population limitations noted above, which hindered our ability to conclude whether the population was completed, we performed testing of the information provided.
- The University did not have defined change categories in the population of changes. Population of (Banner and Workday) changes does not include emergency change categorization and/or we could not determine whether there were emergency changes that occurred during the examination period.
- 3 of 5 (60%) tested changes made in Banner did not follow the University's change management policy/requirements.
- For 30 of 30 (100%) changes made in Workday tested, documentation was not available to evidence the change management process. In addition, Workday functional configuration changes did not follow the University’s change control management policy/requirements.
- The University does not have a formal requirement for post implementation review of all changes including emergency changes.
- In the Banner system, access to develop changes and access to implement changes is not adequately segregated.

The *Framework for Improving Critical Infrastructure Cybersecurity* and 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, Information Protection Processes section, requires entities to develop Security policies (that address purpose, scope, roles, responsibilities, management commitment, and coordination among organizational entities), processes, and procedures are maintained and used to manage protection of information systems and assets.

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 funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State’s resources.

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2023-006 Finding: Lack of Adequate Change Management Controls (Continued)

University management stated exceptions were due to staffing constraints, along with system implementations.

Without adequate change management procedures, there is a greater risk of unauthorized, improper, or erroneous changes to computer systems. The lack of separation of duties in the computer environment increases the risk that the confidentiality, integrity, and availability of data will be compromised. (Finding Code No. 2023-006).

RECOMMENDATION

We recommend the University:

- Implement tools, appropriate logging workflows, or processes which would be used to generate a complete and accurate system report of all changes made to Banner including to define and classify all changes into their appropriate types.
- Design, document and enforce all changes go through the change control processes with exceptions to the documented processes being defined.
- Implement a tool, workflows, or appropriate processes to segregate access to change development and access to change implementation.
- Implement a defined periodic change review process to validate that all implemented changes were appropriately approved and implemented.

UNIVERSITY RESPONSE

The University agrees with the recommendation.

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2023-007 FINDING - Noncompliance with Grant Report Requirements

Federal Agency:	Department of Education
Assistance Listing Numbers:	84.425E/84.425F
Program Names and Award Numbers:	Education Stabilization Fund Under the Coronavirus Aid, Relief, And Economic Security Act [COVID-19 Higher Education Emergency Relief Fund: Institution Portion (P425F200852); and COVID-19 Higher Education Emergency Relief Fund: Student Portion (P425E201821)]
Program Expenditures:	\$5,142,525
Questioned Costs:	None

Northeastern Illinois University (University) did not have adequate procedures in place to ensure the Education Stabilization Fund - Higher Education Emergency Relief Fund (HEERF) reports were accurate and timely submitted to the U.S. Department of Education and posted to NEIU’s website.

During our testing of the University’s compliance with the grant reporting requirements for HEERF, we noted the University did not review the required reports to ensure accuracy and compliance with the reporting requirements of the grant agreement. We noted the following:

- Four of 4 (100%) Quarterly Public Reports improperly completed and/or reported Student Aid amounts.

The Department of Education Quarterly Budget and Expenditure Reporting Form requires the University to post the number of students and total amount of aid received each quarter. In addition, the Form requires the posting of cumulative student aid disbursed by quarter for both undergraduate and graduate. Finally, the University should note the average award amount per student for both undergraduate and graduate.

- Three of 4 (75%) Quarterly Public Reports were posted 15 days, 30 days, and 107 days late to the University’s website.

The Department of Education Quarterly Budget and Expenditure Reporting Form requires the University to post the Quarterly Public Reports covering each quarterly reporting period (September 30, December 31, March 31, June 30), no later than 10 days after the end of each calendar quarter.

Uniform Guidance (2 CFR 200.303(a)) requires nonfederal entities receiving federal awards establish and maintain effective internal control designed to reasonably ensure compliance with Federal laws, statutes, regulations, and the terms and conditions of the Federal award.

University officials stated required reports were not timely and accurately submitted due to turnover within the University resulting in staffing constraints.

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2023-007 FINDING - Noncompliance with Grant Report Requirements (Continued)

Failure to meet grant reporting requirements is noncompliance with federal regulations and could result in loss of grant funding in future years. (Finding Code No. 2023-007, 2022-005, 2021-008, 2020-011)

RECOMMENDATION

We recommend the University improve its grant reporting and monitoring process to adhere with grant requests for reporting.

UNIVERSITY RESPONSE

The University agrees with the recommendation.

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SCHEDULE OF FINDINGS – CURRENT FINDINGS
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2023-008 FINDING – Weaknesses in Cybersecurity Programs and Practices

Northeastern Illinois University (University) did not maintain adequate internal controls related to its cybersecurity programs and practices.

As a result of the University’s mission to provide higher educational opportunities to its student body, the University maintains computer systems that contain large volumes of confidential or personal information such as names, addresses, educational records, and Social Security numbers within its computerized systems.

The Illinois State Auditing Act (30 ILCS 5/3-2.4) requires the Auditor General to review State agencies, including universities, and their cybersecurity programs and practices. During our examination of the University’s cybersecurity program, practices, and control of confidential information, we noted:

- The University does not have a documented on-boarding policy or Human Resource (HR) Manual for University contractors that outlines policies, procedures, guidelines, and rules governing various aspects of contractual obligations within the University.
- Cybersecurity policy reviews are captured when a revision is made to the University’s policies. However, evidence of reviews that do not result in revisions do not appear to be documented.
- Specific control activities were not identified for each of the categories evaluated in the Risk Register and Risk Assessment.
- There was no documented evidence that the provided reports were complete or accurate related to listings of new employees and contractors hired.
- 1 of 13 (8%) new employees tested and 1 of 7 (14%) new contractors tested with access to the University's system(s) did not complete cybersecurity training and did not acknowledge the University's policies.

This finding was first reported in Fiscal Year 2019. In subsequent years, the University has been unsuccessful in establishing adequate controls related to cybersecurity.

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 funds, property, and other assets and resources are safeguarded against waste, loss, unauthorized use and misappropriation and maintain accountability over the State’s resources.

Furthermore, generally accepted information technology guidance, including the National Institute of Standards and Technology (NIST), endorses the development of well-designed and well-managed controls to protect computer systems and data. The *Framework for Improving Critical Infrastructure Cybersecurity* and the *Security and Privacy Controls for Information Systems and Organizations* (Special Publication 800-53, Fifth Revision) published by NIST requires entities to consider risk management practices, threat environments, legal and regulatory requirements,

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**2023-008 FINDING – Weaknesses in Cybersecurity Programs and Practices
(Continued)**

mission objectives and constraints in order to ensure the security of their applications, data, and continued business mission.

University officials stated competing priorities and staffing constraints that create issues with implementing additional policies and procedures.

The lack of adequate cybersecurity programs and practices could result in unidentified risk and vulnerabilities and ultimately lead to the University’s volumes of confidential and personal information being susceptible to cyber-attacks and unauthorized disclosure. (Finding Code No. 2023-008, 2022-008, 2021-012, 2020-018, 2019-019)

RECOMMENDATION

The University has the responsibility to ensure that confidential and personal information is adequately protected. We recommend the University:

- Modify all onboarding and HR Manuals to include contractors.
- Update policies for review dates in addition to revised dates.
- Further develop the risk register and risk assessment to ensure specific control activities are thoroughly documented.
- Document evidence employee listing are complete and accurate.
- Ensure annual cybersecurity training and acknowledgement of policies is completed and acknowledged by all employees and contractors.

UNIVERSITY RESPONSE

The University agrees with the recommendation.

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SCHEDULE OF FINDINGS – CURRENT FINDINGS
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2023-009 FINDING – Noncompliance with College Student Immunization Act

Northeastern Illinois University (University) is not in compliance with the College Student Immunization Act and the Department of Public Health’s administrative rules.

We noted the following in our testing:

- The University was not able to provide supporting documentation for the student immunization status report submitted to IDPH for the fall semester.
- Two of three (67%) students tested for religious exemption did not have the appropriate exemption forms completed or available.
- The University had a 25% compliance rate during the fall semester but was not able to provide a listing of noncompliant students. The University does not keep an updated listing of students that are noncompliant due to the volume of students and its inability to consistently follow-up with the students.
- The University does not place holds on the students’ accounts if they do not provide proof of immunization, certification of medical exemption or a statement of religious objection.

The College Student Immunization Act (Act) (110 ILCS 20/2) states that no person shall attend a post-secondary educational institution without presenting proof that he or she has received such immunizations against preventable communicable diseases. The proof of immunization required by this Section shall be presented to the post-secondary educational institution. In addition, the Act (110 ILCS 20/4) requires if no proof of immunization, certification of medical exemption or statement of religious objection from an enrolled student is in the possession of the post-secondary educational institution, the person shall be precluded from registering in a subsequent term or semester until such time as the appropriate documentation is presented to the institution. The institution shall not be liable for any monetary loss on the part of a student precluded from registering for failure to complete with the provisions of this Act.

University officials stated that due to the large volume of students that are noncompliant with their immunizations (over 5,000 students), it is nearly impossible to follow-up with students and keep an up-to-date listing of students that are noncompliant.

Failure to keep a noncompliant listing of students and ensuring that most, if not all, students have received required vaccinations, creates a significant health risk for students and employees throughout the campus. (Finding Code No. 2023-009)

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**2023-009 FINDING – Noncompliance with College Student Immunization Act
(Continued)**

RECOMMENDATION

We recommend the University create an up-to-date listing of students that are noncompliant with their immunizations and create a system to place holds on noncompliant student's accounts as required by the Act.

UNIVERSITY'S RESPONSE

The University agrees with the recommendation.

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2023-010 FINDING – Noncompliance with the Campus Security Enhancement Act of 2008

Northeastern Illinois University (University) did not comply with the Campus Security Enhancement Act of 2008 (Act).

In our testing of 7 employees in security-sensitive positions we noted:

- One (14%) employee did not have a criminal background investigation completed until over 19 months after their hire date.
- One (14%) employee did not have a criminal background investigation completed.

Per the Act (110 ILCS 12/5), each public institution of higher education shall, through written policy and procedures, identify security-sensitive positions and make provision for the completion of criminal background investigations prior to employing individuals in those positions.

University officials stated the late criminal background investigation was due to staff shortages and changes within the University’s Human Resources Department. University officials stated the missing criminal background investigation was due to employee being hired before the University had a background check policy in place.

Failure to obtain the required criminal background investigations prior to the employment of individuals in security-sensitive positions results in noncompliance with the Act and may result in the University allowing access to security-sensitive information to individuals who should not be entrusted with such access. (Finding Code No. 2023-010)

RECOMMENDATION

We recommend the University complete criminal background investigations for their employees in security sensitive positions prior to the beginning of their employment. In addition, we recommend the University complete criminal background investigations for all employees in security-sensitive positions for which a prior background check was not obtained.

UNIVERSITY’S RESPONSE

The University agrees with the recommendation.

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2023-011 FINDING – Inadequate Controls Over Personnel Files

Northeastern Illinois University (University) was not in compliance with personal service guidelines.

During our testing of personnel files and related documentation, we noted the following:

- 3 of 25 (12%) files examined did not have an Employment Eligibility Verification Forms (Form I-9) included within the file.
- 3 out of 6 (50%) employees tested for leave of absence documentation, the University was unable to locate support that the University contacted the Department of Central Management Services regarding the employees' leave of absence.

The Immigration Reform and Control Act of 1986 (8 U.S. Code § 1324a) as well as the Code of Federal Regulations (8 C.F.R. § 274a.2) require an entity to obtain an Employment Eligibility Verification Form (Form I-9) from all employees. The State Records Act (5 ILCS 160/8) requires agencies to preserve records containing adequate and proper documentation of the organization, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the State and of persons directly affected by the agency's activities.

The State Records Act requires the University to notify the Department of Central Management Services of an employee's leave of absence.

University officials stated the Items noted above resulted from lack of staffing and competing priorities within the human resources and payroll departments.

Failure to maintain adequate controls over required employment forms could result in unauthorized individuals being employed by the University and incorrect treatment of payroll and related deductions. (Finding Code No. 2023-011)

RECOMMENDATION

We recommend the University retain Form I-9s, as well as documentation to support that an employee's leave of absence was communicated to the Department of Central Management Services, within the respective employee's personal file.

UNIVERSITY'S RESPONSE

The University agrees with the recommendation.

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2023-012 FINDING – Inadequate Controls over University Property and Equipment

Northeastern Illinois University (University) did not have adequate controls over its property and equipment.

During our testing of 25 equipment additions totaling \$189,449, we noted the following:

- 12 (48%) additions tested were not recorded in the University’s property records within 90 days of acquisition.
- 5 (20%) assets purchased and received during 2023 were entered into the fixed asset system as 2024 additions.

During the inventory observation, 1 of 6 (17%) items observed for testing, a projector, could not be located within the inventory listing.

The University did not have approved written policies and procedures on certain critical functions and processes related to equipment management such as:

- Proper conduct of the physical count process including the objective of the count, timing and types of counts, instructions for counting and recording, and researching and adjusting discrepancies, as well as procedures and trainings to new employees to perform the count.
- Delineating the categories of equipment that are subject to theft with value less than the nominal value to ensure equipment is marked with a unique identification number. Without a policy addressing the accountability and control of high theft equipment items, there is an increased risk of University property loss without timely detection.

This finding was first reported in Fiscal Year 2018. In subsequent years, the University has been unsuccessful in implementing adequate controls and procedures to ensure there is accurate tracking and recording of the University’s property and equipment.

The Department of Central Management Services (CMS) Property Control Rules (44 Ill. Admin. Code 5010.400) requires the University to adjust property records within 90 days of acquisition, change or deletion of equipment items.

The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for the supervision, control and inventory of all property under their jurisdiction to ensure proper accounting and safeguarding of assets.

The Illinois Administrative Code (44 Ill. Admin. Code 5010.210) states equipment that is subject to theft with a value less than the nominal value must be marked with a unique identification number. Additionally, each agency is responsible for adopting policies clearly delineating categories of equipment considered to be subject to theft. The Fiscal Control and Internal Auditing Act (30 ILCS 10/3001) requires State agencies to establish and maintain a system, or systems, of

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**2023-012 FINDING – Inadequate Controls over University Property and Equipment
(Continued)**

internal fiscal and administrative controls, to provide assurance property, and other assets and resources are safeguarded against waste, loss, unauthorized use, and misappropriation and to maintain accountability over the State’s resources.

Good business practices and internal controls require entities to establish written physical inventory counting procedures to provide employees with a clear and easily understood plan of action to achieve a consistent and accurate physical count of equipment.

University officials stated the issues were due to staffing constraints and competing priorities.

Inadequate controls over University property may result in inaccurate financial reporting and loss of University property not being timely detected. (Finding Code No. 2023-012, 2022-010, 2021-009, 2020-013, 2019-011, 2018-017)

RECOMMENDATION

We recommend the University improve its procedures to ensure equipment records are accurately maintained and assets are properly accounted for. We also recommend the University establish relevant equipment management policies to ensure procedures are observed consistently by employees.

UNIVERSITY’S RESPONSE

The University agrees with the recommendation.

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SCHEDULE OF FINDINGS – CURRENT FINDINGS
For the Year Ended June 30, 2023

2023-013 FINDING – Weakness Regarding Clearing of Data from Electronic Devices

Northeastern Illinois University (University) did not ensure electronic devices were cleared of data and software.

During our testing of deleted equipment items, including 9 electronic devices totaling \$23,232 consisting of laptops, tablets, and computers, we noted:

- One computer (11%) totaling \$1,308 was deleted but was not included on the listing of devices wiped or cleared from data. Auditors were unable to determine if University’s policy on data clearing was followed.
- Two computers (22%) totaling \$2,807 included on the Agency Discrepancy Report were not wiped because they had been lost or stolen. An assessment was not made to determine whether these devices contained confidential and personal information and whether notification was required as outlined in the Personal Information Protection Act.

This finding was first reported in Fiscal Year 2018. In subsequent years, the University has been unsuccessful in implementing appropriate procedures to improve its controls over clearing of data from electronic devices.

The State Property Control Act (30 ILCS 605/4) requires responsible officers at each State agency to be accountable for the supervision, control, and inventory of property under their jurisdiction to ensure proper accounting and safeguarding of assets.

The Personal Information Protection Act (815 ILCS 530) requires the University to ensure confidential and personal information were protected from disclosure.

The Data Security on State Computers Act (20 ILCS 450/20) requires governing board of each public university in this State to implement and administer the provisions of this Act with respect to State-owned electronic data processing equipment utilized by the University.

University officials stated the issues were due to staffing constraints and competing priorities.

Failure to wipe, clear of data, or destroy computer hard drives or other electronic storage media before transfer or disposal may result in unauthorized disclosure of sensitive information and may expose the University to unnecessary litigation risks. (Finding Code No. 2023-013, 2022-012, 2021-010, 2020-014, 2019-010, 2018-014)

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**2023-013 FINDING – Weakness Regarding Clearing of Data from Electronic Devices
(Continued)**

RECOMMENDATION

We recommend the University ensure its policy regarding data wiping on electronic storage devices is properly followed. We further recommend the University conduct an assessment to determine if the lost or stolen devices contained confidential or personal information and complete the notification requirements as documented in Personal Information Protection Act.

UNIVERSITY’S RESPONSE

The University agrees with the recommendation.

NORTHEASTERN ILLINOIS UNIVERSITY
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SCHEDULE OF FINDINGS – PRIOR FINDINGS NOT REPEATED
For the Year Ended June 30, 2023

A. FINDING – Insufficient Controls over Expenses Charged to TRIO Grant

During the prior engagement period, the Northeastern Illinois University (University) charged unallowable payroll expenditures to the TRIO Student Support Services Grant

During the current engagement period, our sample testing indicated payroll expenditures were properly reviewed for allowability. (Finding Code No. 2022-006)

B. FINDING – Insufficient Controls over Payroll Charged to a Research Grant

During the prior engagement period, the University did not pay an employee for the time worked on a grant for a 3-month period when the employee worked those hours.

During the current engagement period, our sample testing indicated payroll expenditures were properly reviewed for allowability and were paid for hours worked. (Finding Code No. 2022-007)

C. FINDING – Lack of Disaster Contingency Plan

During the prior examination, the University did not ensure an adequately developed and tested disaster recovery plan existed for critical applications.

During the current examination, our testing disclosed that a disaster recovery plan was approved, implemented and tested during the year ended June 30, 2023. (Finding Code No. 2022-009, 2021-014, 2020-016, 2019-016, 2018-019, 2017-015, 2016-016, 2015-013, 2014-015, 2013-014).